AQUIS

18 August 2023

Australian Securities and Investment Commission
Lodged by Portal

Good morning,

Re Request Under Section 667AA of the Corporations Act
Aquis Entertainment Limited ABN 48 147 411 881
ASX: AQS

Aquis Canberra Holdings (Aus) Pty Ltd ("ACHL") holds in excess of 90% of the shares in the listed company Aquis Entertainment Limited (ASX: AQS). ACHL is proposing to acquire all the remaining shares in Aquis Entertainment Limited by way of Compulsory Acquisition pursuant to Part 6A.2 of the Corporations Act. ACHL sets out to offer all remaining shareholders $0.20 per share.

ACHL hereby lodges a Form 6024 Notice of Compulsory Acquisition.

Please find enclosed the following documents to be lodged with Form 6024 Notice of Compulsory Acquisition:

- *Annexure A as referred to in the Form 6024 Notice of Compulsory Acquisition setting out all shares acquired in Aquis Entertainment Limited by ACHL in the last 12 month period;*
- *Objection Form;*
- *Independent Experts Report from KPMG (as nominated by ASIC) dated 9 August 2023 confirming the value of the shares to be $0.19.*

Kind Regards,

Daniel Bender
Director
Aquis Canberra Holdings (Aust) Pty Ltd

Australian Securities & Investments Commission

Form 6024
Corporations Act 2001
664C(1)

Notice of compulsory acquisition

Notice

To each holder of:

Description of class of securities

Class of securities ('the class')

ORDINARY SHARES

in

Name of target company

Name ('the Company')

AQUIS ENTERTAINMENT LIMITED

ACN/ARBN/ARSN

147 411 881

Insert name of 90% Holder

1. AQUIS CANBERRA HOLDINGS (AUS) PTY LTD

('the 90% holder')

Tick one box

- [x] holds either alone or with a related body corporate, full beneficial interests in at least 90% of the securities (by number) in the class.
- [ ] has voting power of at least 90% in the Company and holds, either alone or with a related body corporate, full beneficial interests in at least 90% by value of all securities of the Company that are either shares or convertible into shares.

2. Under subsection 664A(3) of the Corporations Act 2001 ('the Act') the 90% Holder may compulsorily acquire all the

Description of class of securities

ORDINARY SHARES

if less than 10% by value of holders in that class have objected to the acquisition by the end of the objection period set out in this notice or the Court approves the acquisition under section 664F of the Act.

3. The 90% Holder hereby gives notice that it proposes to compulsorily acquire

Description of class of securities

ORDINARY SHARES

that you hold for the cash amount of

Cash amount for the securities. This may be expressed as an amount per security.

$0.20 PER SHARE

A notice sent by post to you is taken to be given to you 3 days after it is posted.

4. Under section 664E of the Act, you, (or anyone who acquires the securities during the objection period) have the right to object to the acquisition of your securities by completing and returning the objection form that accompanies this notice within

Period during which holders may return the objection form. The period must be at least one month.

35 DAYS

of receipt of this notice. The objection cannot be withdrawn.

5. You have the right to obtain the names and addresses of everyone else who holds securities in the class from the Company register.
6. Under section 664F of the Act, if 10% of holders of securities covered by this compulsory acquisition notice have objected to the acquisition before the end of the objection period, the 90% Holder may, within one month after the end of the objection period, apply to the Court for approval of the acquisition of the securities covered by this notice.
7. During the last 12 months the 90% Holder or an associate has purchased securities of the same class for

Details of the consideration given for the securities

SEE ANNEXURE A ATTACHED HERETO

Continued... **Notice**

Include any information that is known to the 90% Holder or any related bodies corporate that is material to deciding whether to object to the acquisition and has not been disclosed in an expert's report under section 667A of the Act.

8.

Signature

Name of person signing

DANIEL BENDER

Capacity

DIRECTOR

Signature

Date signed

15/08/23

[D D] [M M] [Y Y]

AQUIS CANBERRA HOLDINGS (AUS) PTY LTD
ACN 167 934 992

ANNEXURE A

THIS ANNEXURE A OF 1 PAGE REFERRED TO IN FORM 6024 NOTICE OF COMPULSORY ACQUISITION

Purchase Date	No. Shares Purchased	Buy Price
9/05/2023	4,002,207	$ 0.20
7/07/2023	102,585	$ 0.18
10/07/2023	1,088	$ 0.18
11/07/2023	7	$ 0.18
18/07/2023	174,482	$ 0.18
24/07/2023	66,307	$ 0.18
25/07/2023	4,803	$ 0.18
26/07/2023	75,460	$ 0.18
28/07/2023	30,295	$ 0.18
31/07/2023	800	$ 0.18
1/08/2023	1,000,000	$ 0.18
1/08/2023	231,848	$ 0.18
1/08/2023	10,052	$ 0.175
2/08/2023	1,571	$ 0.17

Signed: ______________________ Dated: 16/8

Director: Daniel Bender

OBJECTION FORM

Proposed Compulsory Acquisition of Ordinary Shares in
Aquis Entertainment Limited (ASX: AQS)
by Aquis Canberra Holdings (Aus) Pty Ltd

Name of Shareholder:

Address of Shareholder:

Number of Ordinary Shares Held:

Shareholder Identification Number:

I, the abovenamed shareholder hereby objects to the proposed compulsory acquisition of my said shares in Aquis Entertainment Limited by the 90% holder Aquis Canberra Holdings (Aus) Pty Ltd as proposed in a Compulsory Acquisition Notice dated 15 August 2023 received by me.

I acknowledge under section 664E(1)(b) this notice given cannot be withdrawn.

Signed: ______________________________________ Dated: _________________

Send completed and signed form to:

Postal Address:
Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

Email:
corporateactions@boardroomlimited.com.au

KPMG Corporate Finance
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DX: 1056 Sydney
www.kpmg.com.au

Private and confidential
The Directors
Aquis Canberra Holdings (AUS) Pty Limited
21 Binara Street
Canberra ACT 2601

9 August 2023

Dear Directors

Independent Expert Report and Financial Services Guide

Part One – Independent Expert's Report

1 Introduction

On 11 July 2022, Aquis Entertainment Limited (**Aquis** or the **Company**) entered into an agreement with Iris CC Holdings Pty Ltd (**Iris**) for the sale of its main business undertaking, Aquis Canberra Pty Ltd and Casino Canberra Ltd (collectively **Aquis Canberra**). The principal activities of these entities are gaming and entertainment. The sale was completed on 3 January 2023.

Since the divestment of Aquis Canberra, Aquis is a standalone company that continues to be listed on the Australian Securities Exchange (**ASX**). However, Aquis conducts no business operations, employs no staff and is managed on a day-to-day basis by the Directors. As at 30 June 2023 (the **Valuation Date**) Aquis held no assets other than cash, short-term receivables and short-term payables, and its net assets at book value totalled approximately $35.7 million. The Company had a market capitalisation of $33.3 million as at 30 June 2023, with 185.1 million ordinary shares outstanding.

On 15 May 2023, the directors of Aquis Canberra Holdings (Aus) Pty Ltd (**ACH**) advised Aquis that it had acquired more than 90 percent of the Aquis shares on issue and that it intends to exercise its rights under the Corporations Act 2001 (**Act**) to compulsorily acquire the remaining shares in Aquis that it does not currently own (**Proposed Acquisition**).

Under the Proposed Acquisition, ACH is offering to pay the remaining shareholders of Aquis (**Exiting Shareholders**) $0.20 per share in cash (**Proposed Acquisition Consideration**). After completion of the Proposed Acquisition, Aquis will be delisted from the ASX.

The Directors of ACH have requested KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Corporate Finance is a division) (**KPMG Corporate Finance**) prepare an Independent Expert Report (**IER**) setting out whether, in our opinion, the terms proposed in the compulsory acquisition notice, give a fair value for the Aquis shares and the basis for forming that opinion.

This report sets out KPMG Corporate Finance's opinion as to the fair value of the securities concerned in relation to the Proposed Acquisition. This report should be considered in conjunction with and not independently of any documentation sent to the Exiting Shareholders in relation to the Proposed Acquisition.

KPMG Corporate Finance's Financial Services Guide is contained in Part Two of this report.

2 Summary of Proposed Acquisition

The Proposed Acquisition will result in the Exiting Shareholders receiving $0.20 per share in cash.

Aquis expects that its shares will continue to trade on the ASX until the compulsory acquisition process is complete, following which Aquis will be delisted from the ASX.

Further details of the Proposed Acquisition are outlined in Section 6 of this report.

3 Requirement for our report

Section 664A of the Act allows for the holder of at least a 90 percent interest in a company to compulsorily acquire the remaining interest in the company that it does not own. Under Section 664C of the Act, remaining shareholders are to be provided with an independent expert report prepared in accordance with the requirements of Section 667A of the Act.

Section 667A of the Act requires an expert's report under Section 664C of the Act to be prepared by a person nominated by the Australian Securities and Investments Commission (**ASIC**) and state whether, in the expert's opinion, the terms proposed in the compulsory acquisition notice, give a fair value for the securities concerned and set out the reasons for forming that opinion.

Section 667C of the Act notes that in determining the fair value of securities to be compulsorily acquired, the expert should:

- assess the value of the company as a whole;
- allocate that value among the classes of issued securities in the company (taking into account the relative financial risk, and voting and distribution rights, of the classes);
- allocate the value of each class pro rata among the securities in that class (without allowing a premium or applying a discount for particular securities in that class); and
- take into account the consideration (if any) paid for securities within the previous 6 months.

Our report has been prepared in accordance with the ASIC's Regulatory Guide 111 "Content of expert reports" (**RG 111**). RG 111 indicates that an offer is 'fair' if the value of the offer price or consideration is equal to or greater than the value of the securities subject to the offer. The value of the securities subject to the offer is determined assuming 100 percent ownership of the target and irrespective of the percentage ownership of the bidder or its associates in the target.

Further details of the relevant technical framework applied and the basis of assessment in forming our opinion are set out in Section 7 of this report.

The sole purpose of this report is to express KPMG Corporate Finance's opinion as to whether the consideration offered for the securities under the Proposed Acquisition is at or greater than the fair value of the securities held by the Exiting Shareholders.

4 Summary of opinion

In our opinion, the consideration offered to Exiting Shareholders under the Proposed Acquisition gives fair value for the securities.

In arriving at this opinion, we have considered the guidance set out in RG 111 and as such, our analysis:

- Determines the Fair value of an Aquis share,
  - by assessing the value of the entity as a whole and allocating the value to the issued securities, and
  - taking into account the prices paid for Aquis shares in the previous six months
- compares the Proposed Acquisition Consideration offered to Exiting Shareholders to our assessed value of an Aquis share.

Our assessment has concluded that the Proposed Acquisition Consideration is higher than the fair value estimated for the Aquis shares.

The principal matters we have taken into consideration in forming our opinion are summarised below.

4.1 Fair Value

We have determined whether the Proposed Acquisition is at fair value to Exiting Shareholders by comparing the value of their existing interest in Aquis, being Aquis shares, on a control basis, to the value of the Proposed Acquisition Consideration, being the price offered per share.

The Proposed Acquisition will be fair if the market value of the Proposed Acquisition Consideration is equal to or greater than the market value of an Aquis share prior to the Proposed Acquisition, on a control basis.

Value of an Aquis share

To determine the market value of an Aquis share, we have adopted a net asset methodology. A net asset methodology is generally considered the most appropriate methodology when a significant portion of a company's balance sheet is comprised of liquid assets. Since the divestment of its core operations with the sale of Aquis Canberra, Aquis' remaining net assets mainly comprise cash and short-term receivables, including tax paid in advance, and short-term payables.

We have assessed the value of Aquis (on a control basis) to be approximately $35.6 million, which corresponds to a value of $0.19 per Aquis share as at the Valuation Date. Our detailed valuation is set out in Section 10 of this report and is summarised in the table below.

Table 1: Valuation of an Aquis share pre the Proposed Acquisition

Value of Aquis (control basis)			
$	**30-Jun-23**	**Adjustment**	**Market Value**
Net tangible assets (post-tax)	**35,689,249**	**(79,479)**	**35,609,770**
Value of Aquis (control basis)			**35,609,770**
Number of shares on issue as at 30 June 2023 (#)	185,141,050		185,141,050
Value per share ($)			**0.19**

Source: Aquis audited financial statements for FY22 and interim accounts for 1H23, KPMG Corporate Finance analysis

4.2 Comparison of Fair Value to Proposed Acquisition Consideration

Assessment of Fair Value

A comparison of our assessed value per Aquis share on a control basis to the Proposed Acquisition Consideration is illustrated in the figure below.

Table 2: Fair Value vs. Proposed Acquisition Consideration

Value of Aquis (control basis)			
$	**30-Jun-23**	**Low value**	**High value**
Value of Aquis (control basis)		**35,609,770**	**35,609,770**
Number of shares on issue as at 30 June 2023 (#)	185,141,050	185,141,050	185,141,050
Fair Value per share ($)		**0.19**	**0.19**
Traded range per share (past six months)		**0.13**	**0.185**
Value of Proposed Acquisition Consideration per share ($)		**0.20**	**0.20**

Source: KPMG Corporate Finance analysis

We have assessed the value of an Aquis share on a control basis to be approximately $0.19, which compares to the offer price of $0.20 per Aquis share under the Proposed Acquisition.

Our analysis of the trading in Aquis shares over the six months prior to the announcement of the Proposed Acquisition, indicates a trading range of $0.13 to $0.185 per share, with the last traded price being $0.185.

With the Proposed Acquisition Consideration being higher than the estimated fair value per share, we have concluded that the Proposed Acquisition gives fair value for the securities held by the Exiting Shareholders.

5 Other matters

In forming our opinion, we have considered the interests of the Exiting Shareholders as a whole. This advice therefore does not consider the financial situation, objectives or needs of individual shareholders. It is not practical or possible to assess the implications of the Proposed Acquisition on individual shareholders as their financial circumstances are not known.

Our report has also been prepared in accordance with the relevant provisions of the Act and other applicable Australian regulatory requirements. This report has been prepared solely for the purpose of informing Exiting shareholders of the fair value of their Aquis shares. We do not assume any responsibility or liability to any other party as a result of reliance on this report for any other purpose.

KPMG Corporate Finance has made reasonable enquiries of Aquis has concluded that the Future Conversions are not captured by Design and Distribution Obligations regulations.

Neither the whole nor any part of this report or its attachments or any reference thereto may be included in or attached to any document, other than documentation to be sent to Aquis Shareholders in relation to the Proposed Acquisition, without the prior written consent of KPMG Corporate Finance as to the form and context in which it appears. KPMG Corporate Finance consents to the inclusion of this report in the form and context in which it appears in the Shareholder Notice.

Our opinion is based solely on information available as at the date of this report as set out in Appendix 2 of the attached report. We note that we have not undertaken to update our report for events or circumstances arising after the date of this report other than those of a material nature which would impact upon our opinion. We refer readers to the limitations and reliance on information section as set out in Section 7 of this report.

All currency amounts in this report are denominated in Australian dollars (**$**) unless otherwise stated.

The above opinion should be considered in conjunction with and not independently of the information set out in the remainder of this report, including the appendices.

Yours faithfully

Sean Collins
Authorised Representative

Joanne Lupton
Authorised Representative

Contents

6 The Proposed Acquisition

6.1 Background

Aquis completed the sale of its main business undertaking, Aquis Canberra Pty Ltd (and its wholly owned subsidiary Casino Canberra Limited) (the **Transaction**) effective 1 January 2023. As a result, Aquis currently has no operating business nor material assets other than the cash proceeds from the sale, short-term receivables and short-term payables.

Following the Transaction, the Board of Aquis considered the future of Aquis and did not identify any new business opportunities that were considered viable for the Company as a listed entity.

As a result of the Transaction, Aquis received $60.5 million as completion payment, with an additional $2.5 million of cash being held in escrow to be released to Aquis nine months after completion of the Transaction, subject to there being no warranty claims. Part of the sales proceeds were used to repay a loan owing to ACH (c.$20.4 million) with the balance retained by the Company as cash.

An announcement was made on 31 March 2023 to advise the market of the Board's intention to use the remaining proceeds from the Transaction to fund a special dividend, followed by future de-listing and wind-up of the listed entity.

There were no other substantive business activities in the six months prior to the Valuation Date.

At 9 May 2023, a change in substantial shareholder form indicated ACH held 167,874,081, i.e. 90.674 percent of shares in Aquis after the acquisition of an additional 4,002,207 shares in Aquis at a price of $0.20 per share on that date.

On 15 May 2023, Aquis was advised by ACH that it had acquired more than 90 percent of Aquis shares and that it intends to exercise its rights under the Corporations Act to compulsorily acquire the remaining shares in Aquis that it does not own.

Given ACH's intention to pursue a compulsory acquisition, Aquis advised that it would no longer be declaring and paying a special dividend or capital return as foreshadowed in the ASX announcement of 31 March 2023, but rather Aquis shareholders who remain on the register at the time of the compulsory acquisition will be entitled to payment under that process.

7 Scope of the report

7.1 Purpose

Section 664A of the Act allows for the holder of at least a 90 percent interest in a company to compulsorily acquire the remaining interest in the company that it does not own. Under Section 664C of the Act, remaining shareholders are to be provided with an independent expert report prepared in accordance with the requirements of Section 667A of the Act.

Section 667A of the Act requires an expert's report under Section 664C of the Act to be prepared by a person nominated by the Australian Securities and Investments Commission (**ASIC**) and state whether, in the expert's opinion, the terms proposed in the compulsory acquisition notice, give a fair value for the securities concerned and set out the reasons for forming that opinion.

The Directors of ACH have engaged KPMG Corporate Finance to prepare an IER setting out whether, in its opinion, the Proposed Acquisition Consideration gives fair value to Exiting Shareholders, i.e. whether the Proposed Acquisition Consideration is equal to or greater than the fair value of the securities to be acquired.

7.2 Basis of assessment

RG 111 indicates the principles and matters which it expects a person preparing an independent expert report to consider.

RG 111.47 states that for compulsory acquisitions, an expert is required to:

- provide an opinion on whether the proposed terms in the buy-out or acquisition notice give a 'fair value' for the securities; and
- set out the reasons for its opinion.

RG 111.48 states that to determine what is 'fair value', s667C requires that an expert:

- first assess the value of the entity as a whole;
- then allocate that value among the classes of issued securities in the company (taking into account the relative financial risk and the voting and distribution rights of the classes); and
- then allocate the value of each class pro rata among the securities in that class (without allowing any premium or applying a discount for particular securities or interest in that class).

According to RG 111.49, in determining the fair value for securities, an expert must also take into account the prices paid for securities in that class in the previous six months: s667C(2).

RG 111.50 states that the weight of judicial authority is that an expert should not reflect 'special value' that might accrue to the acquirer (e.g. *Capricorn Diamonds Investments Pty Ltd v Catto* (2002) 41 ACSR 376 at 431; *Winpar Holdings Ltd v Austrim Nylex Ltd* [2005] VSCA 211 at [11]–[37]; *Teh v Ramsay Centauri* (2002) 42 ACSR 354 at 359). In practice, the issue of 'special value' might not be a critical issue. Special value might not be material once it has been allocated pro rata to each security in the class, including the securities of the party seeking to make the compulsory acquisition. An expert should not add any premium for forcible divestment: see *Capricorn* at 432.

In forming our opinion as to whether the Proposed Acquisition Consideration gives fair value for the Aquis shares held by the Exiting Shareholders, we have considered the following:

- a comparison of the assessed fair value of Aquis shares with the Proposed Acquisition Consideration
- recent trading prices of Aquis shares on the ASX over the last six months.

7.3 Limitations and reliance on information

In preparing this report and arriving at our opinion, we have considered the information detailed in Appendix 2 of this report. In forming our opinion, we have relied upon the truth, accuracy and completeness of any information provided or made available to us without independently verifying it. Nothing in this report should be taken to imply that KPMG Corporate Finance has in any way carried out an audit of the books of account or other records of Aquis for the purposes of this report.

Further, we note that an important part of the information base used in forming our opinion is comprised of the opinions and judgements of management. In addition, we have also had discussions with Aquis' Directors in relation to the nature of the Company's assets and liabilities. This type of information has been evaluated through analysis, enquiry and review to the extent practical. However, such information is often not capable of external verification or validation.

ACH has been responsible for ensuring that information provided by it or its representatives is not false or misleading or incomplete. Complete information is deemed to be information which at the time of completing this report should have been made available to KPMG Corporate Finance and would have reasonably been expected to have been made available to KPMG Corporate Finance to enable us to form our opinion.

We have no reason to believe that any material facts have been withheld from us but do not warrant that our inquiries have revealed all of the matters which an audit or extensive examination might disclose. The statements and opinions included in this report are given in good faith, and in the belief that such statements and opinions are not false or misleading.

8 Aquis overview

Aquis was admitted to the ASX (ASX:AQS) on 2 November 2011 (previously Discovery Resources Limited (ASX: DIS)). As at 30 June 2023, Aquis had a market capitalisation of $33.3 million and 185.1 million shares on issue.

On 7 August 2015, Aquis acquired its then primary asset, Casino Canberra, through a share purchase agreement with ACH and transitioned to becoming Aquis Entertainment Limited post-acquisition. The operation of Casino Canberra was Aquis' principal activity and its only business enterprise. Casino Canberra's assets included the casino located in Canberra, ACT and the accompanying casino licence. The company was focused on the redevelopment of Casino Canberra into a first-tier leisure and nightlife precinct, including complete modernisation of the casino, as well as building restaurants, bars, retail boutiques, accommodation and entertainment options.

On 1 January 2023, Aquis sold its subsidiary Aquis Canberra Pty Ltd and its wholly owned subsidiary Casino Canberra Ltd to Iris. Following completion of the Transaction, the Board of Aquis considered the future of Aquis and did not identify any new business opportunities that were considered viable for the company as a listed entity.

The company currently has no operating business nor material assets other than cash proceeds from sale and short-term receivables and short-term payables. Aquis no longer employs any staff and is currently managed solely by its Directors. The current Directors of Aquis are:

- Mr. Tony Fung – Chairman
- Mr. Tom Pickett – Non-Independent Non-Executive Director
- Mr. Simon Chan – Non-Independent Non-Executive Director

At the time of the Transaction, Aquis' major shareholder was ACH, with other shareholders including wholesale investors, family offices, sophisticated investors and corporate superannuation funds.

8.1 Historical financial performance

Aquis' historical financial performance for the year ending 31 December 2021 (**FY21**), 31 December 2022 (**FY22**), and the six months to 30 June 2023 (**1H23**) is summarised below.

Table 3. Historical financial performance

Profit and Loss Statement			
$	**FY21**	**FY22**	**1H23**
Income			
Revenue	-	-	-
Other income	1	27,663	741,689
Total income	**1**	**27,663**	**741,689**
Expenses			
Employee benefit expenses	(270,583)	(309,731)	(94,942)
Finance charges	(744,265)	(1,050,439)	-
Change in fair value of loan	(1,270,910)	775,629	-
Depreciation	(1,017)	-	-
Other operating expenses	(269,198)	(2,328,821)	(170,731)
Total expenses	**(2,555,973)**	**(2,913,362)**	**(265,673)**
Profit/(loss) before income tax expense	**(2,555,972)**	**(2,885,699)**	**476,016**
Income tax benefit/(expense)	-	5,315,884	(102,822)
Total comprehensive income/(loss) from continuing operations	**(2,555,972)**	**2,430,185**	**373,194**
Income from discontinued operations	2,086,004	8,399,859	70,812,680
Expense from discontinued operations	-	-	(1,105,242)
Income tax benefit/(expense)	701,424	(1,346,062)	(12,153,652)
Total comprehensive income/(loss) from discontinued operations	**2,787,428**	**7,053,797**	**57,553,785**
Total comprehensive income/(loss)	**231,456**	**9,483,982**	**57,926,979**
Basic and diluted earnings/(losses) per share (cents) from continuing operations	(1.38)	1.31	0.20
Basic and diluted earnings/(losses) per share (cents) from discontinued operations	1.51	3.81	31.09
Basic and diluted earnings/(losses) per share (cents)	0.13	5.12	31.29

Source: Aquis audited financial statements for FY22 and interim accounts for 1H23

In relation to the historical financial performance, we note:

- the majority of Aquis' trading income from continuing operations over FY21, FY22 and 1H23 was generated from interest income received from financial assets (amounting to $0.7 million in 1H23)
- profits from gaming revenue (net of gaming wins and losses), sale of goods and other revenue were recognised as a component of discontinued operation in FY21, FY22 and 1H23, given the announcement of the sale agreement in relation to Aquis Canberra on 11 July 2022 (where the Aquis Canberra Casino assets were recognised as assets for sale in a disposal group)

- in 1H23, the reported total comprehensive income from discontinued operations increased to $57.6 million, as a result of recognising the $63.0 million in sales proceeds from the Transaction, effective 1 January 2023, and the forgiveness of accrued interest of $7.8 million by Aquis' creditor ACH in exchange for Aquis repaying the principal amount of $20.4 million (amounting to total income from discontinued operations of $70.8 million)
- expenses in relation to discontinued operations amounted to $1.1 million in 1H23 and represented costs incurred for the sale of the Aquis Canberra assets
- the net profit from discontinued operations resulted in an income tax expense of $12.2 million with some adjustments, including non-assessable income, other deductible amounts and adjustment to deferred tax assets (DTA) recognised for prior periods
- on 31 May 2016, Aquis entered into an Amended Loan Conversion Deed between the Company and ACH with a facility limit of $36.5 million, which consolidated all exiting loans from multiple lenders into a single loan. Finance charges and fair value of loan changes in FY21 and FY22 were recognised in relation to the interest and principal of the loan
- no depreciation on plant and equipment was recognised for FY22 pursuant to the sale agreement for the main casino asset
- other operating expenses include insurance, marketing, travel, legal and professional costs.

8.2 Historical financial position

The historical financial position for Aquis as at 31 December 2021, 31 December 2022 and 30 June 2023 is set out below.

Table 4. Historical financial position

Statement of Financial Position			
$	**31-Dec-21**	**31-Dec-22**	**30-Jun-23**
Current assets			
Cash and cash equivalents	9,379,330	9,221,239	10,741,065
Trade and other receivables	155,020	25,129	2,925,853
Other current assets	457,547	20,250	79,479
Deferred tax assets	701,424	4,671,246	-
Short-term loans	-	-	22,000,000
Inventories	247,774	-	-
Assets held for sale in disposal group	-	12,185,454	-
Total current assets	**10,941,095**	**26,123,318**	**35,746,397**
Non-current assets			
Property, plant and equipment	7,319,289	-	-
Trade and other receivables	5,000	-	-
Intangible assets	1,791,272	-	-
Financial assets at fair value through other comprehensive income	5,569	-	-
Total non-current assets	**9,121,130**	**-**	**-**
Total assets	**20,062,225**	**26,123,318**	**35,746,397**
Current liabilities			
Trade and other payables	4,076,550	1,809,794	57,148
Deferred income	-	2,500,000	-
Employee benefit provisions	1,700,452	-	-
Loans and borrowings	-	28,191,363	-
Liabilities held for sale in disposal group	-	6,462,586	-
Total current liabilities	**5,777,002**	**38,963,743**	**57,148**
Non-current liabilities			
Employee benefit provisions	193,078	-	-
Loans and borrowings	33,670,568	-	-
Total non-current liabilities	**33,863,646**	**-**	**-**
Total liabilities	**39,640,648**	**38,963,743**	**57,148**
Net assets	**(19,578,423)**	**(12,840,425)**	**35,689,249**
Equity			
Contributed capital	4,167,952	4,167,952	4,855,489
Reserve	5,773,838	1,321	-
Retained earnings	(29,520,213)	(17,009,698)	30,833,760
Total equity	**(19,578,423)**	**(12,840,425)**	**35,689,249**

Source: Aquis audited financial statements for FY22 and interim accounts for 1H23

In relation to the historical financial position, we note:

- as at 30 June 2023, Aquis had $10.7 million of cash and cash equivalents. This amount represents the balance of the total $60.5 million completion payment after deducting the $20.4 million principal loan repayment to ACH as part of the completion arrangement, the newly granted $22.0 million short-term loan to ACH on 27 June 2023 and a $7.9 million tax prepayment (an additional $2.5 million of cash is being held in escrow and will be released to Aquis nine months after the Transaction completion, subject to there being no warranty claims)
- trade and other receivables of $2.9 million as at 30 June 2023 comprised the additional $2.5 million of cash held in escrow from the Transaction and interest receivable related to the short-term loan with ACH
- other current assets relate to the prepayment of insurance premiums
- short-term loans relate to the loan of $22.0 million to ACH, for which Aquis Farm Pty Ltd and Wing Cheung Tong Fung are acting as guarantors. The loan is due 90 days following written notice from Aquis as the lender requiring the full repayment of the loan amount. Interest is charged of between 12.5 precent (lower rate) and 15.0 precent (higher rate) per year under the loan agreement dated 27 June 2023
- in FY21, non-current assets included property, plant and equipment totalling $7.3 million and intangible assets of casino licence and associated costs totalling $1.8 million. In FY22, prior to the completion of the Transaction, relevant non-current assets were recognised under assets/liabilities held for sale in a disposal group. In 1H23, post completion of the Transaction, non-current assets were nil, as a result of Aquis no longer having an operating business
- trade and other payables include audit fees and consulting fees
- employee benefit provisions of $1.7 million in FY21 were recognised under liabilities of the disposal group held for sale and were therefore removed from non-current liabilities where long-term employee benefits were historically identified and current liabilities for short-term employee benefits
- non-current loans and borrowings were reclassified in FY22 as current as a result of Aquis entering into the Amended Loan Conversion Deed between the Company and its major shareholder ACH. All loans were fully repaid in FY23 post completion of the Transaction.

8.3 Capital structure

As at 30 June 2023, there were 185,141,050 fully paid ordinary shares on issue, with no other outstanding securities or other share classes existing.

Table 5. Ordinary shares on issue

Ordinary shares on issue	
Ordinary	**Number of securities**
Opening balance - 1 January 2023	185,141,050
Shares bought back during the period	-
Total issued capital - fully paid ordinary shares - 30 June 2023	185,141,050
Total issued capital	185,141,050

Source: Aquis interim report for 1H23

The total number of issued ordinary shares has not changed in 1H23, whilst ACH's shares in Aquis increased to 166,107,002 after Landsec Pty Ltd and Taralake Pty Ltd transferred a total of 2,235,128 shares to ACH. Aquis Finance Pty Ltd as the second largest shareholder purchased another 424,732 shares, taking its total holding to 1,749,811 shares. ACH and Aquis Finance Pty Ltd together held 167,856,813 shares or 90.66 percent of the shares in Aquis.

The top 20 Aquis shareholders collectively own c.93.98 percent of the shares in Aquis. The top 20 shareholders as at 30 June 2023 are shown below.

Table 6. Top shareholders

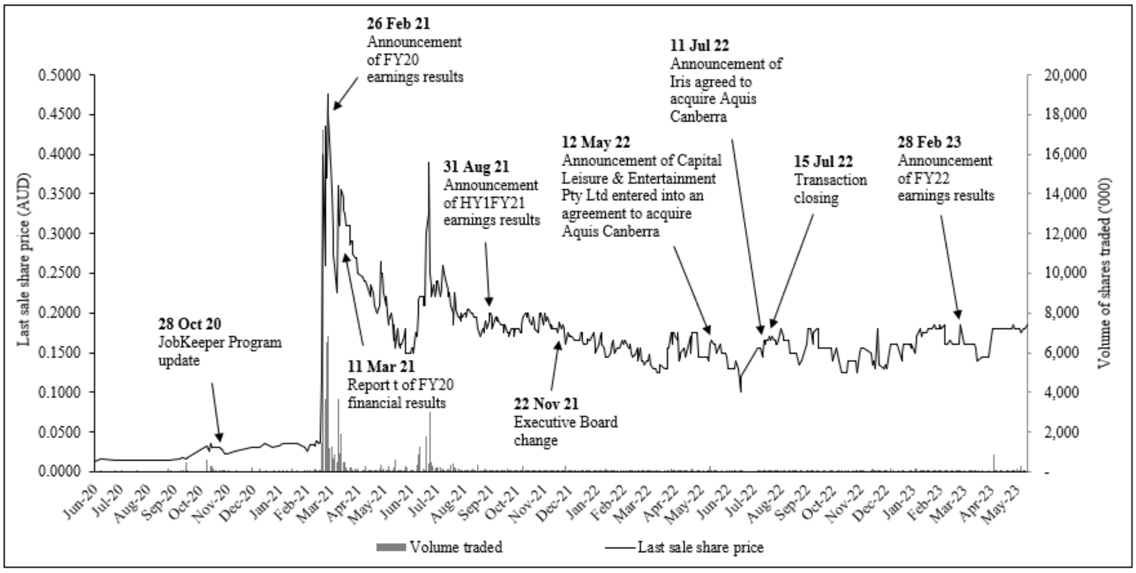
Top 20 shareholders			
Rank	**Name**	**Holding**	**%IC**
1	Aquis Canberra Holdings (Aus) Pty Ltd	166,107,002	89.72%
2	Aquis Finance Pty Ltd	1,749,811	0.95%
3	Global Exporters Limited	1,200,000	0.65%
4	Eagle Eye Equities Pty Ltd	578,924	0.31%
5	Cumulare Capital Pty Ltd <Cumulatus A/C>	570,433	0.31%
6	Mr John Hamilton	442,000	0.24%
7	Citicorp Nominees Pty Limited	382,862	0.21%
8	Maxlek Pty Ltd <Jims And Joels Super A/C>	377,606	0.20%
9	Mr Stephen Scott & Mrs Karina Scott <Barbary Coast Superfund A/C>	343,450	0.19%
10	1A Pty Ltd <1A Family A/C>	279,168	0.15%
11	Mr Gary Stanley Swift & Mrs Kayleen Leslie Swift <The Swift Super Fund A/C>	250,000	0.14%
12	Comair Pty Ltd <Grigg Super Fund A/C>	220,000	0.12%
13	Miss Hyojin Kwon	215,438	0.12%
14	Mrs Zhi Chen	211,656	0.11%
15	Hjav Pty Limited <Craig Mclean Super Fund A/C>	204,752	0.11%
16	Di Battista Investments Pty Ltd <Di Battista Family A/C>	200,000	0.11%
17	Ms Gangaboda Arachchige Tillekeratne & Dr Widana Pushkara Epa	172,413	0.09%
18	Cosbi Quarter Pty Ltd <Cosbi Super Fund A/C>	163,883	0.09%
19	Habitat Financial Pty Ltd <P&M Tomlinson Super A/C>	160,000	0.09%
20	Mr Mark Tomlinson	160,000	0.09%
	Total	**173,989,398**	**93.98%**

Source: Aquis data dated 30 June 2023 provided by the Directors of Aquis

8.4 Share price and volume trading history

The figure below shows Aquis' daily closing price on the ASX over the period from 1 June 2020 to 12 May 2023 inclusive, along with the daily volume of securities traded on the ASX over the same period.

Figure 1. Aquis daily close price and volume traded on ASX



Source: S&P Capital IQ, KPMG Corporate Finance Analysis, ASX announcements

Aquis' share price has shown significant volatility over the last three years. In February 2021, the shares traded as high as $0.45, and then the share price fluctuated significantly until July 2021, before retreating to below $0.20. During the period, there were 14 days during which more than 1 million shares were traded, driving the share price spike outlined in the graph above. However, prices on several of these days slumped significantly either during the remainder of the day to close or near the next day's close. According to Aquis' responses to ASX queries regarding the price and volume movements during the period, no matters were identified that might have resulted in the changes observed in trading volumes and share prices, that had not been advised to the ASX.

During the three years ending 12 May 2023, Aquis' share price increased from $0.01 at the beginning of June 2020, to $0.19. Over the past 52 weeks, the share price increased by 12.1 percent and over the past 13 weeks, the share price increased by 15.6 percent.

8.5 Trading liquidity

An analysis of the volume of trading in Aquis shares on the ASX in the 12-month period to 12 May 2023, being the last trading date prior to the announcement of the Proposed Acquisition, is set out below.

Table 7. Trading liquidity pre-announcement of the Proposed Acquisition

Period	Price (low) $	Price (high) $	Price VWAP $	Cumulative value $m	Cumulative volume m	% of issued capital
1 day	0.19	0.19	0.19	0.0	0.0	0.0
1 week	0.18	0.19	0.18	0.0	0.1	0.0
1 month	0.17	0.19	0.18	0.1	0.7	0.4
3 months	0.14	0.19	0.18	0.4	2.1	1.1
6 months	0.12	0.19	0.17	0.6	3.5	1.9
12 months	0.10	0.20	0.17	0.8	5.0	2.7

Source: S&P Capital IQ, KPMG Corporate Finance analysis

Specifically, we note the following regarding the volume weighted average price (**VWAP**) analysis:

- the cumulative value of Aquis shares traded over the 12-month period preceding 12 May 2023 was $0.8 million, or 2.7 percent of the total issued shares
- since less than 0.1 percent of the company's total issued capital is traded on a weekly basis, Aquis shares are considered to have a relatively low level of liquidity.

8.6 Historical distributions

Aquis has not paid any distributions over the last six financial years.

Given ACH's intention to pursue a compulsory acquisition, Aquis advised it will no longer be declaring and paying a dividend or capital return as foreshadowed in the ASX announcement of 31 March 2023.

9 Evaluation of the Proposed Acquisition

9.1 Valuation methodology

Our valuation of an Aquis share has been prepared on the basis of market value. The generally accepted definition of market value (and that applied by us in forming our opinion) is the value that should be agreed in a hypothetical transaction between a knowledgeable, willing, but not anxious buyer and a knowledgeable, willing but not anxious seller, acting at arms' length.

Market value excludes 'special value', which is the value over and above the market value that a particular buyer, who can achieve synergistic or other benefits from the acquisition, may be prepared to pay. Accordingly, our range of values has been prepared independent of the specific circumstances of any potential bidder.

Market value is commonly derived by applying one or more of the following valuation methodologies:

- the capitalisation of a sustainable level of earnings (capitalised earnings),
- the discounting of expected future cash flows to present value (discounted cash flow),
- the estimation of the net proceeds from an orderly realisation of assets (net assets),
- rules of thumb, and
- current trading prices on the relevant securities exchange.

These methodologies are discussed in greater detail in Appendix 3. Ultimately, the methodology adopted is dependent on the nature of the underlying business and the availability of suitably robust information. A secondary methodology is typically adopted as a cross-check to ensure reasonableness of outcome, with the valuation conclusion ultimately being a judgement derived through an iterative process.

For profitable businesses, methodologies such as capitalised earnings and discounted cash flow are commonly used as they reflect 'going concern' values which typically incorporate some element of goodwill over and above the value of the underlying assets. For businesses that are either non-profitable, non-tradable or asset rich, a net asset methodology is typically adopted as there tends to be minimal goodwill, if any.

9.2 Selection of valuation methodology for Aquis

We have adopted a net asset methodology to value 100 percent of the issued capital in Aquis. A net asset methodology is generally considered the most appropriate valuation methodology when a significant portion of a company's balance sheet is comprised of liquid assets. Aquis' balance sheet consists of cash, short-term receivables, and short-term payables.

When selecting the net asset methodology, we have considered the following:

- Aquis completed the sale of its subsidiary Aquis Canberra effective 1 January 2023. As a result, Aquis currently has no operating business nor material assets other than the cash proceeds from the sale
- the Board of Aquis has considered the future of Aquis and has not identified any new business opportunities that are considered suitable and viable for the Company as a listed entity
- there were no other substantive business activities in the six months before the Valuation Date.

When applying the net asset methodology, we have considered the following:

- We have based our valuation on the latest available balance sheet for Aquis as at the Valuation Date
- We have assessed 100 percent of the value in Aquis on a control basis. Exiting Aquis Shareholders are holding a minority interest in the Company. For the same reasons that a premium for control exists, a discount for lack of control is typically recognised to account for the minority shareholders' inability to control the Board, resulting in an inability to make decisions about strategic direction of the entity, a lack of control over the application of the cash flows of the entity and the distributions policy adopted. However, in applying the net asset methodology, the resulting value explicitly represents the value at which Exiting Shareholders will be able to realise their investment on a control basis. Therefore, a minority discount is not explicitly applied.

9.3 Assessment of Proposed Acquisition Consideration

The Proposed Acquisition will result in Exiting Shareholders receiving $0.20 in cash for every Aquis share owned. To determine whether the Proposed Acquisition gives fair value to the Aquis shares held by Existing Shareholders, we have compared the assessed value of an Aquis share to the Proposed Acquisition Consideration. If the Proposed Acquisition Consideration is at or above the assessed market value of a Aquis share, the Proposed Acquisition gives fair value to Existing Shareholders.

10 Value of Aquis

10.1 Valuation of an Aquis share

In applying a net asset methodology, we have determined the value of Aquis (on a control basis) to be approximately $35.6 million, which corresponds to a value of approximately $0.19 per Aquis share as at the Valuation Date.

Our valuation is set out in the table below.

Table 8: Valuation of an Aquis share

Value of Aquis (control basis)				
$	**Notes**	**30-Jun-23**	**Adjustment**	**Market value**
Assets				
Cash and cash equivalents	1	10,741,065	-	10,741,065
Trade and other receivables	2	2,925,853	-	2,925,853
Other current assets	3	79,479	(79,479)	-
Deferred tax assets		-	-	-
Short-term loans	4	22,000,000	-	22,000,000
Total assets		35,746,397	(79,470)	35,666,918
Liabilities				
Trade and other payables	5	57,148	-	57,148
Total liabilities		57,148	-	57,148
Net tangible assets (post-tax)		35,689,249	(79,479)	35,609,770
Value of Aquis (control basis)				**35,609,770**
Number of shares on issue as at 30 June 2023 (#)	6	185,141,050		185,141,050
Value per share ($)				**0.19**

Source: unaudited balance sheet as at 30 June 2023, KPMG Corporate Finance analysis
Note: Numbers may not add up due to rounding.

The factors considered in our assessment of the value of an Aquis share are set out below.

1. Cash and cash equivalents: Aquis' cash and cash equivalents balance as at 30 June 2023 was approximately $10.7 million. This has been valued at face value.
2. Trade and other receivables: Trade and other receivables of $2.9 million as at 30 June 2023 comprised the additional $2.5 million of cash held in escrow from the Transaction and interest receivable related to the short-term loan with ACH. Both of these amounts are fully recoverable and have been valued at face value.

   Given the short period of time between the implementation of the Proposed Acquisition and the settlement of the escrowed amount, no discounting has been applied.
3. Other current assets: The prepaid insurance of $79,479 has been valued at nil, as the cancellation of the insurance policies is not expected and therefore no cash refund of the paid premiums is anticipated.
4. Short-term loans: The short-term loan is fully recoverable and therefore has been valued at face value.

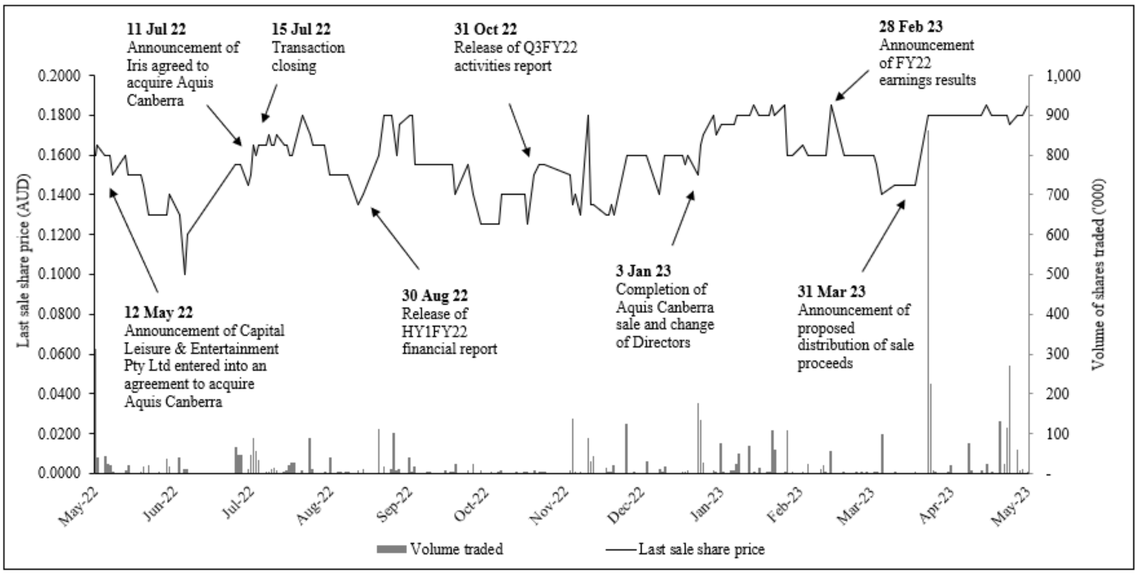
5. Trade and other payables: Trade and other payables include audit fees and consulting fees which will be settled in the ordinary course of business.
6. Shares on issue: As at 30 June 2023, Aquis had 185,141,050 shares on issue.

Given the nature of the assets and liabilities held by Aquis, we have not applied a range in determining the market value of an Aquis share.

10.2 Valuation cross-check

We have cross-checked the primary valuation methodology by analysing recent trading prices of Aquis shares. The chart below illustrates the Aquis' share price between 12 May 2022 and 12 May 2023.

Figure 2: Aquis share price performance



Source: S&P Capital IQ, ASX announcements, KPMG Corporate Finance analysis

In assessing the share price at which an Aquis share may trade in the absence of the Proposed Acquisition, we have considered the following:

- Aquis shares traded between $0.10 and $0.19 per share between 12 May 2022 and 12 May 2023, being the trading day before the announcement of the Proposed Acquisition
- In the six months prior to the announcement of the Proposed Acquisition, Aquis shares traded at a VWAP of $0.17, with a trading low of $0.13 and a high of $0.185 per share, and showed low levels of liquidity
- The last traded price of an Aquis share prior to the announcement of the Proposed Acquisition was $0.185 per share.

Overall, the cross-check analysis indicates that the Proposed Acquisition Consideration is above the price at which Aquis shares traded over the six months prior to the Proposed Acquisition, with the difference in traded price and our assessed market value narrowing in the days prior to the announcement of the Proposed Acquisition.

Appendix 1 – KPMG Corporate Finance Disclosures

Qualifications

The individuals responsible for preparing this report on behalf of KPMG Corporate Finance are Sean Collins and Joanne Lupton. Both Sean and Joanne have a significant number of years of experience in the provision of corporate finance advice, including specific advice on valuations, merger and acquisitions, as well as preparation of expert reports.

Sean Collins is an Authorised Representative of KPMG Financial Advisory Services (Australia) Pty Ltd and a Partner in the KPMG Partnership. Sean is a Fellow of Chartered Accountants Australia and New Zealand, a Fellow of the Chartered Institute for Securities and Investments in the United Kingdom and holds a Bachelor of Commerce.

Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than KPMG Corporate Finance's opinion as to whether the Proposed Acquisition gives fair value Exiting Shareholders as a whole. KPMG Corporate Finance expressly disclaims any liability to anyone who relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose whatsoever.

Other than this report, neither KPMG Corporate Finance nor the KPMG Partnership has been involved in the preparation of any documentation provided to Exiting Shareholders in respect of the Proposed Acquisition. Accordingly, we take no responsibility for the content of documents prepared in respect of the Proposed Acquisition.

Our report makes reference to "KPMG Corporate Finance analysis". This indicates only that we have (where specified) undertaken certain analytical activities on the underlying data to arrive at the information presented.

Independence

KPMG Corporate Finance and the individuals responsible for preparing this report have acted independently.

In addition to the disclosures in our Financial Services Guide, it is relevant to a consideration of our independence that, during the course of this engagement, KPMG Corporate Finance provided draft copies of this report to ACH for comment as to factual accuracy, as opposed to opinions which are the responsibility of KPMG Corporate Finance alone. Changes made to this report as a result of those reviews have not altered the opinions of KPMG Corporate Finance as stated in this report.

Consent

KPMG Corporate Finance consents to the inclusion of this report in the form and context in which it is issued to Exiting Shareholders. Neither the whole nor any part of this report nor any reference thereto may be included in any other document without the prior written consent of KPMG Corporate Finance as to the form and context in which it appears.

Professional standards

Our report has been prepared in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board.

Appendix 2 – Sources of information

In preparing this report, we have been provided with and considered the following sources of information:

Publicly available information:

- Company presentations and announcements of Aquis
- Annual reports for the periods ended 31 December 2020, 31 December 2021 and 31 December 2022 for Aquis
- Half year result for period ending 30 June 2022 for Aquis
- Various broker and analyst reports
- Various press and media articles
- Data providers including S&P Capital IQ Pty Ltd, Bloomberg, Refinitiv, Oxford Economics, Economist Intelligence Unit, Aspect Huntley and Connect 4.

Non-public information:

- Half year draft P&L and balance sheets for the period ending 30 June 2023 for Aquis

In addition, we have held discussions with, and obtained information from, representatives of ACH and Aquis.

Appendix 3 – Overview of valuation methodologies

Discounted cash flow

Under a discounted cash flow (**DCF**) approach, forecast cash flows are discounted back to the valuation date, generating a net present value for the cash flow stream of the business. A terminal value at the end of the explicit forecast period is then determined and that value is also discounted back to the valuation date to give an overall value for the business.

In a DCF analysis, the forecast period should be of such a length to enable the business to achieve a stabilised level of earnings, or to be reflective of an entire operation cycle for more cyclical industries. Typically, a forecast period of at least five years is required, although this can vary by industry and within a given industry.

The rate at which the future cash flows are discounted (the Discount Rate) should reflect not only the time value of money, but also the risk associated with the business' future operations. This means that in order for a DCF to produce a sensible valuation figure, the importance of the quality of the underlying cash flow forecasts is fundamental.

The Discount Rate most generally employed is the WACC, reflecting an optimal (as opposed to actual) financing structure, which is applied to unleveraged cash flows and results in an Enterprise Value for the business. Alternatively, for some industries it is more appropriate to apply an equity approach instead, applying a cost of equity to leveraged cash flows to determine equity value.

In calculating the terminal value, regard must be had to the business' potential for further growth beyond the explicit forecast period. This can be calculated using either a capitalisation of earnings methodology or the 'constant growth model', which applies an expected constant level of growth to the cash flow forecast in the last year of the forecast period and assumes such growth is achieved in perpetuity.

Capitalisation of earnings

An earnings based approach estimates a sustainable level of future earnings for a business (maintainable earnings) and applies an appropriate multiple to those earnings, capitalising them into a value for the business. The earnings bases to which a multiple is commonly applied include Revenue, EBITDA, EBIT and NPAT.

In considering the maintainable earnings of the business being valued, factors to be taken into account include whether the historical performance of the business reflects the expected level of future operating performance, particularly in cases of development, or when significant changes occur in the operating environment, or the underlying business is cyclical.

With regard to the multiples applied in an earnings based valuation, they are generally based on data from listed companies and recent transactions in a comparable industry, but with appropriate adjustment after consideration has been given to the specific characteristics of the business being valued. The multiples derived for comparable quoted companies are generally based on security prices reflective of the trades of small parcels of securities. As such, multiples are generally reflective of the prices at which portfolio interests change hands. There is no premium for control incorporated within such pricing. They may also be impacted by illiquidity in trading of the particular stock. Accordingly, when valuing a business en bloc

(100%) we would also reference the multiples achieved in recent mergers and acquisitions, where a control premium and breadth of purchaser interest are reflected.

An earnings approach is typically used to provide a market cross-check to the conclusions reached under a theoretical DCF approach or where the entity subject to valuation operates a mature business in a mature industry or where there is insufficient forecast data to utilise the DCF methodology.

Net assets or cost based

Under a net assets or cost based approach, total value is based on the sum of the net asset value or the costs incurred in developing a business to date, plus, if appropriate, a premium to reflect the value of intangible assets not recorded on the balance sheet.

Net asset value is determined by marking every asset and liability on (and off) the entity's balance sheet to current market values.

A premium is added, if appropriate, to the marked-to-market net asset value, reflecting the profitability, market position and the overall attractiveness of the business. The net asset value, including any premium, can be matched to the 'book' net asset value, to give a price to net assets, which can then be compared to that of similar transactions or quoted companies.

A net asset or cost based methodology is most appropriate for businesses where the value lies in the underlying assets and not the ongoing operations of the business (e.g., real estate holding companies). A net asset approach is also useful as a cross-check to assess the relative riskiness of the business (e.g., through measures such as levels of tangible asset backing).

Enterprise or equity value

Depending on the valuation approach selected and the treatment of the business' existing debt position, the valuation range calculated will result in either an enterprise value or an equity value being determined.

An enterprise value reflects the value of the whole of the business (i.e., the total assets of the business including fixed assets, working capital and goodwill/intangibles) that accrues to the providers of both debt and equity. An enterprise value will be calculated if a multiple is applied to unleveraged earnings (i.e., revenue, EBITDA, EBITA or EBIT) or unleveraged free cash flow.

An equity value reflects the value that accrues to the equity holders. To compare an enterprise value to an equity value, the level of net debt must be deducted from the enterprise value. An equity value will be calculated if a multiple is applied to leveraged earnings (i.e., NPAT) or free cash flow, post debt servicing.

Appendix 4 – Glossary

Abbreviation	Descriptions
$	Australian dollars
ACH	Aquis Canberra Holdings (Aus) Pty Ltd
Aquis	Aquis Entertainment Limited
Aquis Assets	All of Aquis assets that comprise assets permitted under ASX Operating Rule 10A.3.3
Aquis Board	The board of Aquis
Aquis Canberra	Aquis Canberra Pty Ltd and Casino Canberra Ltd
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
Cash Reserve	Cash retained within Aquis for any outstanding liabilities post the Proposed Acquisition
Company	Aquis Entertainment Limited
DCF	Discounted cash flow
IER	Independent Expert Report
Iris	Iris CC Holdings Pty Ltd
KPMG Corporate Finance	KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Corporate Finance is a division)
Proposed Acquisition	Aquis Canberra Holdings (Aus) Pty Ltd compulsorily acquires the remaining shares in Aquis Entertainment Limited that it does not currently own
RG	Regulatory Guide
the Act	Corporations Act 2001 (Cth)
Transaction	The sale of Aquis' subsidiary Aquis Canberra Pty Ltd (and it wholly owned subsidiary Casino Canberra Limited)
Valuation Date	30 June 2023
WACC	Weighted average cost of capital

Part Two – Financial Services Guide

PART TWO – FINANCIAL SERVICES GUIDE

Dated: August 2023

What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by KPMG Financial Advisory Services (Australia) Pty Ltd (**KPMG FAS**) ABN 43 007 363 215, Australian Financial Services Licence Number 246901 (of which KPMG Corporate Finance is a division) (**KPMG Corporate Finance**).

Sean Collins is an authorised representative of KPMG FAS, authorised representative number AR no: 404189 and Joanne Lupton is an authorised representative of KPMG FAS, authorised representative number AR no: 449593 (**Authorised Representatives**).

This FSG includes information about:

- KPMG FAS and its Authorised Representatives and how they can be contacted;
- The services KPMG FAS and its Authorised Representatives are authorised to provide;
- How KPMG FAS and its Authorised Representatives are paid;
- Any relevant associations or relationships of KPMG FAS and its Authorised Representatives;
- How complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- The compensation arrangements that KPMG FAS has in place.

The distribution of this FSG by the Authorised Representative has been authorised by KPMG FAS. This FSG forms part of an Independent Expert Report (**Report**) which has been prepared for inclusion in a disclosure document or, if you are offered a financial product for issue or sale, a Product Disclosure Statement (**PDS**). The purpose of the disclosure document or PDS is to help you make an informed decision in relation to a financial product. The contents of the disclosure document or PDS, as relevant, will include details such as the risks, benefits, and costs of acquiring the particular financial product.

Financial services that KPMG FAS and the Authorised Representative are authorised to provide:

KPMG FAS holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for the following classes of financial products:

- Deposit and non-cash payment products;
- Derivatives;
- Foreign exchange contracts;
- Government debentures, stocks or bonds;
- Interests in managed investments schemes including investor directed portfolio services;
- Securities;
- Superannuation;
- Carbon units;
- Australian carbon credit units; and
- Eligible international emissions units,

to retail and wholesale clients.

We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products. The Authorised Representative is authorised by KPMG FAS to provide financial product advice on KPMG FAS's behalf.

KPMG FAS and the Authorised Representative's responsibility to you

KPMG FAS has been engaged by Aquis Canberra Holdings (AUS) Pty Limited (**Client**) to provide general financial product advice in the form of a Report to be included in the Shareholder Notice (**Document**) prepared by the Client in relation to Compulsory Acquisition of Aquis Entertainment Limited (**Transaction**).

You have not engaged KPMG FAS or the Authorised Representatives directly but have received a copy of the Report because you have been provided with a copy of the Document. Neither KPMG FAS nor the Authorised Representatives are acting for any person other than the Client.

KPMG FAS and the Authorised Representatives are responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General Advice

As KPMG FAS has been engaged by the Client, the Report only contains general advice as it has been prepared without taking your personal objectives, financial situation or needs into account. You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Document before making any decision in relation to the Transaction.

Fees KPMG FAS may receive and remuneration or other benefits received by our representatives

KPMG FAS charges fees for preparing reports. These fees will usually be agreed with, and paid by, the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay KPMG FAS $50,000 for preparing the Report. KPMG FAS and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of the Report.

KPMG FAS officers and representatives (including the Authorised Representatives) receive a salary or a partnership distribution from KPMG's Australian professional advisory and accounting practice (the **KPMG Partnership**). KPMG FAS's representatives (including the Authorised Representatives) are eligible for bonuses based on overall productivity. Bonuses and other remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report.

Further details may be provided on request.

Referrals

Neither KPMG FAS nor the Authorised Representatives pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and relationships

Through a variety of corporate and trust structures, KPMG FAS is controlled by and operates as part of the KPMG Partnership. KPMG FAS's directors and Authorised Representatives may be partners in the KPMG Partnership. The financial product advice in the Report is provided by KPMG FAS and the Authorised Representatives and not by the KPMG Partnership.

From time to time KPMG FAS, the KPMG Partnership and related entities (**KPMG entities**) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

KPMG entities have provided a range of services to the Client for which professional fees are received. Over the past two years professional fees of approximately $50,000 have been received from the Client. None of those services have related to the Transaction or alternatives to the Transaction.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the Transaction.

Complaints resolution

Internal complaints resolution process

If you have a complaint, please let either KPMG FAS or the Authorised Representative know. Complaints can be sent in writing to:

The Complaints Officer

KPMG FAS

GPO Box 2291U

Melbourne, VIC 3000

or via email (AU-FM-AFSL-COMPLAINT@kpmg.com.au).

If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on (03) 9288 5555 and they will assist you in documenting your complaint.

We will acknowledge receipt of your complaint, in writing, within 1 business day or as soon as practicable.

Following an investigation of your complaint, you will receive a written response within 30 calendar days. If KPMG FAS is unable to resolve your complaint within 30 calendar days, we will let you know the reasons for the delay and advise you of your right to refer the matter to the Australian Financial Complaints Authority (**AFCA**).

External complaints resolution process

If KPMG FAS cannot resolve your complaint to your satisfaction within 30 days, you can refer the matter to AFCA. AFCA is an independent body that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry. KPMG FAS is a member of AFCA (member no 11690).

Further details about AFCA are available at the AFCA website www.afca.org.au or by contacting them directly at:

Address: Australian Financial Complaints Authority Limited, GPO Box 3, Melbourne Victoria 3001

Telephone: 1800 931 678

Email: info@afca.org.au.

The Australian Securities and Investments Commission also has a freecall infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation arrangements

KPMG FAS has professional indemnity insurance cover in accordance with section 912B of the *Corporations Act 2001* (Cth).

Contact Details

You may contact KPMG FAS using the below contact details:

KPMG Corporate Finance (a division of KPMG Financial Advisory Services (Australia) Pty Ltd)
Level 38, International Towers Three
300 Barangaroo Avenue
Sydney NSW 2000

PO Box H67
Australia Square
NSW 1213
Telephone: (02) 9335 7621
Facsimile: (02) 9335 7001