

AHC PRESS RELEASE

AHC LIMITED TAVERN VALUE HIT

The Queensland Government recently announced a change to the Gaming Act. The change was the subject of a media article where Minter Ellison Solicitors were quoted as saying the change to the act was poorly thought out.

The impact of the legislation is to give control of the poker machines to the leasee, that is ownership control.

A situation now exists where there are two taverns in the same suburb. Tavern A is owned and operated by the same entity. Tavern B is owned but leased out.

Tavern A has 40 poker machines that cost nothing and stay with the tavern.

Tavern B has 40 machines that cost nothing but are now the property of the tenant who can remove and sell them.

For Tavern B to be competitive with tavern A tavern B must now apply for and pay an estimated amount of \$75,000 per machine or \$3 million.

If \$3 million is not paid the tavern will fail. In effect the Government has gifted an asset of \$3million to the tenant who spent nothing on the tavern development and in doing so has devalued the tavern owned by the landlord by up to \$3 million that has cost the landlord several million dollars including renovations to take poker machines.

When these machines were applied for both parties believed that all licences were the property of the tavern. The tenant would be compensated for money they were out of pocket for the licences, like they are with the off site bottle shop licences.

This legislation will devalue AHC Limited's tavern by at least \$2 million when using a direct comparison valuation with owner operator taverns. All stakeholders in this company should be outraged by a Government who have passed such poorly thought out legislation.

AHC Limited were not given an opportunity to put any input into this change to the act.

Our tenants we understand put in a submission. This is one sided change that is unfair and unequitable that will cost our company a lot of money through no fault of the management or directors of the company.

The Government it should be noted will get a large percentage of the sale of poker machines.

The legislation says no party will be worse off. What a joke.

The Government and the tenants reap a windfall profit at the same time giving existing leased taverns a loss of \$2 - \$3 million when compared to existing owner operator competitors.

New taverns can't be used in this debate as a developer now knows the cost of machines and allows for that contingency. AHC Limited has had virtually retrospective legislation imposed on it