



THE STAR

ASX Announcement

2 November 2018

## THE STAR GOLD COAST MASTERPLAN RECEIVES GOVERNMENT APPROVAL

### HIGHLIGHTS

- **Long-term growth opportunity at The Star Gold Coast as next stage approval received**
- **Right to develop mixed-used towers on The Star's site under masterplan**
- **Towers to drive visitation and flow-on benefits to property**
- **No change to capital expenditure guidance**

The Star Entertainment Group Limited (**The Star**) (ASX code: SGR) is pleased to announce that it has received development approval from the Queensland Government for The Star Gold Coast's expanded masterplan with the right to develop up to four additional mixed-use towers on the existing The Star Gold Coast freehold title site. The potential development of the additional mixed-use towers at The Star Gold Coast will be undertaken by The Star in partnership with CTF and FEC, consistent with the expanded strategic partnership announced on 29 March 2018.

The approval allows for towers with permitted maximum heights of 52-74 stories and an eight-story podium to be developed on the site. This excludes the 53 story Dorsett Hotel and apartment tower for which development approval was received in December 2016 and construction works have commenced. The towers and podium comprise a mixture of hotel rooms and apartment accommodations along with various retail, food and beverage, car parking and entertainment areas. The building footprint permitted under the approval provides The Star a significant development area to enhance and maximise the long-term value of The Star Gold Coast. A maximum of 2,200 apartments are permitted to be developed on the site under the approvals received.

Matt Bekier, Managing Director and CEO said: "The approval of this masterplan by the Queensland Government is another significant milestone in the transformation of The Star Gold Coast as a world-class tourism asset. We are great believers in the future of the Gold Coast and the significant tourism appeal of South East Queensland, both to domestic and international tourism. This approval gives us the platform to continue to invest, together with our joint venture partners Chow Tai Fook and Far East Consortium, to grow The Star Gold Coast and capture the considerable tourism opportunity at hand. Inbound tourism, particularly from Asia, continues to experience significant growth, and industry forecasts suggest that will continue."

The main features of The Star Gold Coast masterplan are:

- **First mixed-use tower underway in partnership with CTF and FEC**

The first mixed-use tower at The Star Gold Coast, where 85% of the apartments have been sold, commenced construction works in October 2018, with an anticipated development cost of ~\$370 million, down from prior estimates of ~\$400 million, as previously announced. The development cost of the tower is being shared equally amongst The Star, CTF and FEC. Construction of the tower is expected to complete in FY2022.

The first tower will have over 700 keys, doubling the number of keys at The Star Gold Coast, with material flow on benefits expected from additional visitation.

- **Masterplan provides option to develop up to four additional mixed-use towers**

The Star Gold Coast is located on 6.7 hectares of freehold title land owned by The Star. The development approval received provides The Star with the option to develop up to four additional mixed-used towers at The Star Gold Coast.

The additional towers will only be developed subject to the investment achieving a satisfactory forecast risk-adjusted return, market conditions (including pre-sales requirements), regulatory conditions and receiving Board and other approvals.

- **Development costs of additional towers to be shared with CTF and FEC**

The development of the additional mixed-use towers at The Star Gold Coast will be undertaken by The Star in partnership with CTF and FEC, consistent with the expanded strategic partnership announced on 29 March 2018.

- **Sale of residential apartments means modest capital employed in each tower**

The sale of the residential apartments in mixed-use towers significantly reduces the residual capital employed by The Star and its partners in each tower.

Using the first mixed-use tower currently under development as an illustration:

- Development cost of ~\$370 million (one third share to The Star)
- Development funded by ~\$120 million equity (The Star share ~\$40 million, ~\$20m invested by 30 June 2018) and ~\$250 million project debt
- Proceeds of ~\$285 million from sale of apartments used to repay project debt, resulting in ~\$85 million in remaining development costs outstanding against completed hotel
- Combined proceeds from sale of apartments and debt raised against hotel results in limited residual capital remaining invested in the project

- **Staged development for future towers**

The development of the additional mixed-use towers is expected to be staged. The Star does not expect to have more than two towers under construction at any point in time.

There are no changes to The Star's previously provided capital expenditure guidance over FY2019 to FY2021. The projected capital expenditure for The Star Gold Coast masterplan is included in previously provided guidance of investments in joint venture projects of \$100-125 million in FY2019, \$175-225 million in FY2020 and \$125-175 million in FY2021.

## **CONFERENCE CALL**

The Star will host a conference call at 12 pm AEDT today, Friday 2 November 2018, for investors and analysts. Dial in details for the call are below. Participants will be asked to provide their full name, organisation and conference ID before joining the call.

### **Dial-In Details:**

<b>Australia Toll Free</b>	1 800 558 698	<b>New Zealand Toll Free</b>	0800 453 055
<b>Australia Local</b>	02 9007 3187	<b>Hong Kong</b>	800 966 806
		<b>Japan</b>	0053 116 1281
		<b>Singapore</b>	800 101 2785
		<b>United Kingdom</b>	0800 051 8245
		<b>United States</b>	(855) 881 1339

**Conference ID:** 468821

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