ASX Announcement

20 August 2020

FULL YEAR RESULTS ANNOUNCEMENT AND ACCOUNTS

The Star Entertainment Group Limited (ASX:SGR) (**The Star Entertainment Group**) provides the following documents in accordance with ASX Listing Rule 4.3A:

1. Appendix 4E (Preliminary Final Report);
2. Media Release; and
3. Directors' Report and Financial Report for the year ended 30 June 2020.

Dividend Reinvestment Plan suspended

The Star Entertainment Group's Dividend Reinvestment Plan (**DRP**) has been suspended as no final dividend has been declared.

Authorised by:

The Board of Directors

For more information, contact:

Financial analysts	Harry Theodore Chief Financial Officer	Tel: + 61 2 9657 8040
	Danny Huang General Manager, Strategy and Investor Relations	Tel: + 61 7 3306 8556
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Appendix 4E

Preliminary Final Report

for the year ended 30 June 2020

1. Results for announcement to the market

(all comparisons to the year ended 30 June 2019)

The Appendix 4E should be read in conjunction with The Star Entertainment Group Limited's audited Directors' Report and Financial Report lodged with the Australian Securities Exchange (ASX) on 20 August 2020.

Results in accordance with Australian Accounting Standards	Current period $m	% change
Revenue from ordinary activities	1,487.0	(31.1%)
Loss from ordinary activities after tax attributable to members of the parent	(94.6)	(147.8%)
Net loss after tax for the period attributable to members of the parent	(94.6)	(147.8%)

	Current Period Normalised [1] $m	% change	**Current Period Statutory [2] $m**	**% change**
Revenue	1,657.1	(23.3%)	1,487.0	(31.1%)
Earnings before interest, tax, depreciation and amortisation[3]	429.6	(22.8%)	282.0	(49.0%)
Depreciation and amortisation	(205.0)	(0.4%)	(205.0)	(0.4%)
Earnings before interest and tax	224.6	(36.0%)	77.0	(77.8%)
Share of associates' profits	(2.1)	N.M. [5]	(2.1)	N.M. [5]
Net interest expense	(48.4)	37.1%	(48.4)	37.1%
Significant items (net of tax) [4]	N/A	-	(112.2)	N.M. [5]
Income tax expense	(53.3)	(41.5%)	(8.9)	(90.6%)
Net profit / (loss) after tax	120.8	(46.0%)	**(94.6)**	**(147.8%)**

[1] Normalised results reflect the underlying performance of the business as they remove the inherent win rate volatility of the International VIP Rebate business. Normalised results are adjusted using an average win rate of 1.35% on turnover, taxes and revenue share commissions. Normalised earnings exclude significant items.

[2] Statutory results disclose revenues and expenses at actual win rates and include significant items.

[3] Earnings have decreased significantly to the prior year due to an unusually low win rate in the International VIP Rebate business coupled with the impact of COVID-19. These impacts include rolling international border closures, closure of the properties on 23 March 2020, a series of heavily restricted operating conditions and staged re-openings. Reduced capacity gaming operations recommenced in New South Wales on 1 June 2020 and in Queensland on 3 July 2020, subsequent to year end.

[4] Significant items include one-off COVID-19 related expenditure, provision for doubtful debts and impairment.

[5] Movement not meaningful.

2. Dividend information

	Year ended 30 June 2020	Half year ended 31 December 2019
Fully franked dividend (amount per share)[1]	N/A	10.5 cents
Record Date	N/A	26 February 2020
Date Payable[2]	N/A	2 July 2020

[1] No final dividend was declared for the year ended 30 June 2020. In accordance with agreed terms associated with the waiver of covenants at 30 June 2020 from debt providers, no further cash dividends will be paid until gearing, which represents the ratio of net debt to 12 month trailing statutory EBITDA, is below 2.5 times.

[2] Date payable was deferred from 1 April 2020 to 2 July 2020 due to exceptional circumstances associated with COVID-19.

Dividend reinvestment plan

The key terms of The Star Entertainment Group Limited's dividend reinvestment plan (***DRP***) in operation for the final dividend are:	N/A
The last date for receipt of election notices for the dividend reinvestment plan is:	N/A

3. Net tangible assets per share

	Current period	Previous corresponding period
Net tangible asset backing per ordinary share[1]	$1.71	$2.05

[1] Net tangible asset backing per ordinary share excludes right of use assets.

4. Supplementary comments

Additional Appendix 4E disclosures and other significant information may be found in The Star Entertainment Group Limited's audited Directors' Report and audited Financial Report for the year ended 30 June 2020, and the media release lodged with the ASX on 20 August 2020.

5. Independent auditor's report

The Financial Report of The Star Entertainment Group Limited for the year ended 30 June 2020 has been audited by the Company's independent external auditor, Ernst & Young. A copy of the Independent Auditor's Report may be found on page 93 of the Financial Report.

THE STAR

ASX AND MEDIA RELEASE

Thursday, 20 August 2020

THE STAR ENTERTAINMENT GROUP (ASX:SGR) FY2020 RESULTS[1]

HIGHLIGHTS

- **Strong performance pre-COVID19 (Jul 2019 to Feb 2020 vs pcp[2]), COVID19 shut-down a material impact on full year results**
  - Normalised[3] NPAT up 15.6% pre-COVID19, down 46.0% full year
  - Domestic EBITDA up 8.3% with margin expansion pre COVID19
- **Comprehensive response to mitigate COVID19 impacts**
  - Safeguarded staff and customers
  - Secured $200m additional liquidity and June 2020 covenant waivers
  - Preserved cash (reduced opex and capex, underwritten interim dividend)
  - $112m post-tax significant items largely COVID19 related[4]
- **Key milestones attained over FY2020 which drive significant long-term value**
  - Agreed Sydney gaming tax arrangements and casino EGM exclusivity to FY2041
  - Favourable conclusion to Gold Coast second casino licence process
  - Completed QWB financing on terms agreed pre-COVID19
- **Focused on safe and effective management of reopened properties**
  - Cost management and asset recycling initiatives
  - Mitigate impacts from Sydney competition
- **Positive early 1H FY2021 trading**
  - Revenue impacted by COVID19 restrictions
  - July domestic gaming revenue ~80% of pcp, margins similar to pcp (ex JobKeeper)
  - July materially cash flow positive after investments, enabling debt reduction

$m	Statutory		Normalised	
Pre-COVID19 (Jul 2019 to Feb 2020)		**Vs pcp**		**Vs pcp**
Net Revenue	1,347	(10.1%)	1,527	4.2%
EBITDA (before significant items)	264	(35.0%)	421	12.1%
EBIT (before significant items)	128	(52.1%)	285	20.3%
NPAT (before significant items)	67	(60.5%)	176	15.6%
Statutory NPAT	62	(64.6%)	-	-
FY2020		**Vs pcp**		**Vs pcp**
Net Revenue	1,487	(31.1%)	1,657	(23.3%)
EBITDA (before significant items)	282	(49.0%)	430	(22.8%)
EBIT (before significant items)	77	(77.8%)	225	(36.0%)
NPAT (before significant items)	18	(91.9%)	121	(46.0%)
Statutory NPAT	(95)	(147.8%)	-	-
Total Dividends (cents per share)	10.5	(48.8%)	-	-

[1] This release should be read in conjunction with The Star Entertainment Group Limited's FY2020 Results Presentation and Directors' Report and Financial Report for the twelve months ended 30 June 2020.
[2] Prior comparable period.
[3] Normalised results reflect the underlying performance of the business as they remove the inherent win rate volatility of the International VIP Rebate business. Normalised results are adjusted using an average win rate of 1.35% on actual turnover, taxes and revenue share commissions, unless otherwise stated, and are before significant items.
[4] Significant items relate largely to impacts of COVID19 and costs for The Ritz-Carlton Sydney proposal. See Note A7 of the Financial Report for further details.

Overview of FY2020

Chairman John O'Neill AO said: "The Group continued executing its growth strategy despite an unprecedented environment. Whilst acknowledging the impacts of COVID19 have been extraordinarily challenging, the fundamental earnings prospects for The Star remain unchanged, underpinned by valuable long-term licences in sought after destinations. Major projects at Queen's Wharf Brisbane and The Star Gold Coast are proceeding to plan, with the upgraded and expanded Sovereign at The Star Sydney delivered on time and budget. The Star delivered record normalised and domestic earnings for July 2019 to February 2020 on a pcp basis before the full impact of COVID19. This reflected growth from investments, operational improvements and cost management benefits.

"The Star remains committed to maintaining a balance sheet that positions the Group for the post-COVID19 recovery. As previously disclosed, the Board has not declared a final dividend for FY2020."

Sydney Performance

- Solid earnings growth on flat revenue pre-COVID19
- Domestic earnings growth accelerated from 1H FY2020 into Jan-Feb 2020
- Operating expenses down 1.7% pre-COVID19
- VIP broadly stable pre-COVID19

Normalised	Pre-COVID19 (Jul 2019 to Feb 2020)		FY2020	
	$m	*vs pcp*	*$m*	*vs pcp*
Gross Revenue	1,076	0.3%	1,183	(27.5%)
Domestic	819	0.7%	901	(24.7%)
VIP	251	(1.3%)	275	(35.9%)
EBITDA	255	6.3%	277	(24.6%)
EBIT	177	13.6%	159	(34.6%)

Queensland Performance (Gold Coast and Brisbane)

- Very strong normalised earnings growth pre-COVID19
- Very strong domestic earnings growth accelerated from 1H FY2020 into Jan-Feb 2020
- Operating costs well managed
- Gold Coast demonstrating improved returns on investment – normalised EBIT up 69.8% pre-COVID19

Normalised	Pre-COVID19 (Jul 2019 to Feb 2020)		FY2020	
	$m	*vs pcp*	*$m*	*vs pcp*
Gross Revenue	742	20.2%	790	(9.1%)
Domestic	518	5.2%	553	(23.3%)
VIP	221	80.3%	235	62.0%
EBITDA	166	22.3%	153	(19.2%)
EBIT	109	33.1%	65	(39.0%)

International VIP Rebate Performance

- Credible performance in challenging market conditions pre-COVID19, continued diversification into International Premium Mass
- Front money down 8.2%, International Premium Mass up 52.8%
- Turnover up 25.3% (small number of players, unusually low 0.69% actual win rate). International Premium Mass up 20.2%

Trading Update and FY2021 Outlook

- July 2020 domestic gaming revenues ~80% of pcp (total domestic revenue ~75% of pcp) on reduced capacity
    - Loyalty gaming revenue comparable to pcp, strong Sydney Sovereign trading
    - Domestic EBITDA margins comparable to pcp (excluding JobKeeper benefit)
- July 2020 VIP turnover volumes ~5% of pcp
- July 2020 materially cash flow positive after investments, enabling debt reduction
- Over 1 to 17 August 2020, Queensland domestic trends similar to July, with Sydney impacted by additional spatial distancing restrictions (primarily MGF)

Managing Director and Chief Executive Officer, Matt Bekier said: "Execution of our long-standing growth strategy continued to plan over FY2020. Initial response by our highest value domestic customers to the new Sovereign in Sydney since its July 2020 opening has been pleasing. Queen's Wharf Brisbane was further derisked with completion of the $1.6 billion project debt funding package on terms agreed pre-COVID19, and ~75% of total project costs are now under lump sum terms.

"Comprehensive actions to mitigate the impact of COVID19 were implemented, safeguarding staff and customers, securing additional funding, and preserving cash. Important milestones were achieved, with a long-term agreement on NSW gaming tax and casino EGM exclusivity to FY2041, and reaching a favourable conclusion on the Gold Coast second casino licence process.

"The Star's business is fundamentally strong, evidenced by the step up in earnings growth from 1H FY2020 into early 2H FY2020. The long-term value uplift from investments in our network of integrated resorts and continuing operational improvements to drive visitation and earnings remain substantial."

For further information:

Financial analysts	Harry Theodore Chief Financial Officer	Tel: + 61 2 9657 8040
	Danny Huang General Manager, Strategy and Investor Relations	Tel: + 61 7 3306 8556
Media	Peter Jenkins General Manager, Media and Communications	Tel: + 61 2 9657 9288

Key Financials – Pre-COVID19 (1 July 2019 to 29 February 2020)

Statutory[5]		Variance to pcp
Gross Revenue	$1,586 m	(7.6%)
Net Revenue	$1,347 m	(10.1%)
EBITDA	$264 m	(35.0%)
EBIT	$128 m	(52.1%)
NPAT	$62 m	(64.6%)
Normalised[6] (Underlying)		**Variance to pcp**
Gross Revenue	$1,818 m	7.5%
- Sydney	$1,076 m	0.3%
- Queensland	$742 m	20.2%
Net Revenue	$1,527 m	4.2%
- Sydney	$929 m	1.1%
- Queensland	$599 m	9.5%
EBITDA	$421 m	12.1%
- Sydney	$255 m	6.3%
- Queensland	$166 m	22.3%
EBIT	$285 m	20.3%
- Sydney	$177 m	13.6%
- Queensland	$109 m	33.1%
NPAT (after equity accounted investments)	$176 m	15.6%

[5] EBITDA and EBIT are before equity accounted investment profits/ losses and significant items. Statutory NPAT is after equity accounted investment profits/ losses and significant items. Refer to Note A7 of the Financial Report for a reconciliation of significant items.
[6] Normalised results reflect the underlying performance of the business as they remove the inherent win rate volatility of the International VIP Rebate business. Normalised results are adjusted using an average win rate of 1.35% of turnover, taxes and revenue share commissions, unless otherwise stated. Normalised EBITDA and EBIT are before equity accounted investment profits/ losses and significant items. Normalised NPAT is after equity accounted investment profits/ losses and before significant items. Refer to Note A7 of the Financial Report for a reconciliation of significant items.

Key Financials – Full year results to 30 June 2020

Statutory[7]		Variance to pcp
Gross Revenue	$1,749 m	(30.4%)
Net Revenue	$1,487 m	(31.1%)
EBITDA	$282 m	(49.0%)
EBIT	$77 m	(77.8%)
NPAT	($95 m)	(147.8%)
Earnings Per Share[8]	(10.3 cps)	(147.7%)
Normalised[9] (Underlying)		**Variance to pcp**
Gross Revenue	$1,973 m	(21.1%)
- Sydney	$1,183 m	(27.5%)
- Queensland	$790 m	(9.1%)
Net Revenue	$1,657 m	(23.3%)
- Sydney	$1,016 m	(26.1%)
- Queensland	$641 m	(18.5%)
EBITDA	$430 m	(22.8%)
- Sydney	$277 m	(24.6%)
- Queensland	$153 m	(19.2%)
EBIT	$225 m	(36.0%)
- Sydney	$159 m	(34.6%)
- Queensland	$65 m	(39.0%)
NPAT (after equity accounted investments)	$121 m	(46.0%)
Dividend per share		
Total dividends per share (fully franked)	10.5 cents	(48.8%)
Balance sheet		
Gross Debt	$1,625 million	
Net Debt[10]	$1,383 million	
Net Debt/ EBITDA (statutory)	4.9 times (12-month trailing statutory EBITDA)	

[7] EBITDA and EBIT are before equity accounted investment profits/ losses and significant items. Statutory NPAT is after equity accounted investment profits/ losses and significant items. Refer to Note A7 of the Financial Report for a reconciliation of significant items.
[8] Earnings per share based on weighted average number of shares on issue.
[9] Normalised results reflect the underlying performance of the business as they remove the inherent win rate volatility of the International VIP Rebate business. Normalised results are adjusted using an average win rate of 1.35% of turnover, taxes and revenue share commissions, unless otherwise stated. Normalised EBITDA and Normalised EBIT are before equity accounted investment profits/ losses and significant items. Normalised NPAT is after equity accounted investment profits/ losses and before significant items. Refer to Note A7 of the Financial Report for a reconciliation of significant items.
[10] Net debt shown as interest bearing liabilities (excluding lease liabilities of $57m), less cash and cash equivalents less the net impact of derivative financial instruments.

THE STAR ENTERTAINMENT GROUP LIMITED

The Star Entertainment Group Limited

A.C.N 149 629 023

ASX Code: SGR

and its controlled entities

Directors', Remuneration and Financial Report

For the year ended 30 June 2020

Contents

Directors' Report
for the year ended 30 June 2020

The Directors of The Star Entertainment Group Limited (the ***Company***) submit their report for the consolidated entity comprising the Company and its controlled entities (collectively referred to as the ***Group***) in respect of the financial year ended 30 June 2020.

1. Directors
The names and titles of the Company's Directors in office during the financial year ended 30 June 2020 and until the date of this report are set out below. Directors were in office for this entire period.

Directors	
John O'Neill AO	Chairman and Non-Executive Director
Matt Bekier	Managing Director and Chief Executive Officer
Gerard Bradley	Non-Executive Director
Ben Heap	Non-Executive Director
Katie Lahey AM	Non-Executive Director
Sally Pitkin	Non-Executive Director
Richard Sheppard	Non-Executive Director
Zlatko Todorcevski	Non-Executive Director

2. Operating and Financial Review
The Operating and Financial Review for the year ended 30 June 2020 has been designed to provide shareholders with a clear and concise overview of the Group’s operations, financial position, business strategies and prospects. The review also discusses the impact of key transactions and events that have taken place during the reporting period and material business risks faced by the Group, to allow shareholders to make an informed assessment of the results and future prospects of the Company. The review complements the Financial Report and has been prepared in accordance with the guidance set out in ASIC’s Regulatory Guide 247.

2.1. Principal activities
The principal activities of the Group are the management of integrated resorts with gaming, entertainment and hospitality services.

The Group operates The Star Sydney (***Sydney***), The Star Gold Coast (***Gold Coast***) and Treasury Brisbane (***Brisbane***). The Group also manages the Gold Coast Convention and Exhibition Centre on behalf of the Queensland Government and invests in a number of strategic joint ventures.

2.2. Business strategies
The key long term strategic priorities for the Group, in pursuit of its vision to be Australia's leading integrated resort company, remain unchanged:

- Create world class integrated resorts with local spirit;
- Manage planned capital expenditure programs on time and budget to deliver value and returns for shareholders;
- Increase volume of high-value visitation from local, domestic and international markets through continued emphasis on loyalty and gaming strategies;
- Grow the domestic and International VIP Rebate business;
- Identify, retain, develop and engage a highly talented team of employees across properties and the Group; and
- Improve customer experience, including providing customers with tailored product and service offerings.

The Group has continued to make good progress on all these key strategic priorities during the year, despite the impact of COVID-19, with:

- Solid domestic earnings growth pre-COVID-19, including growth from Gold Coast investments;
- Comprehensive response to COVID-19 pandemic - safeguarded customers and staff, secured group funding, reduced operating expenditure during closure and positioned the business for post-pandemic recovery;
- Long term agreement to FY2041 was concluded with the NSW Government, providing regulatory certainty over gaming taxes, casino exclusivity in relation to electronic gaming machines and other key issues;
- Cessation of the process to create a second integrated resort on the Gold Coast with no requirement for additional capital expenditure;
- Joint venture growth projects are proceeding to plan, including $1.6 billion in debt funding secured for Queen’s Wharf Brisbane on terms agreed pre-COVID-19;
- Ongoing construction of first Gold Coast joint venture tower and continued presales for second tower; and
- Delivery on time and on budget of the upgraded and expanded Sovereign in Sydney, opened on 3 July 2020.

Looking forward into FY2021, the focus will be on the following key priorities:

Operational priorities

- Safely and effectively lift performance through the COVID-19 recovery;
- Address the introduction of casino competition into the Sydney market through leveraging the newly opened Sovereign, upgrades to the loyalty program, focused marketing and sales plans, and retention of key staff;
- Continue to differentiate the value proposition of each of the properties through brand, depth and breadth of gaming offer, loyalty, customer service, hospitality and tourism; and
- Maintain operating expenses disciplines.

Balance sheet priorities

- Maintain robust cash position through ongoing management of capital expenditures and suspension of the dividend;
- Constructive engagement with lenders to obtain covenant waivers that are likely to be required; and
- Continue capital recycling program of non-core operating assets, including the Sydney carpark, VIP assets, and other options.

Strategic priorities remain unchanged

- Deliver on operating model by leveraging improved capabilities and retain cost management benefits; and
- Progress investment strategy in Sydney, the Gold Coast masterplan, and Queen's Wharf Brisbane in partnership with Chow Tai Fook (***CTF***) and Far East Consortium (***FEC***).

The Directors have excluded from this report any further information on the likely developments in the operations of the Group and the expected results of those operations in future financial years, as the Directors have reasonable grounds to believe that to include such information will be likely to result in unreasonable prejudice to the Group.

2.3. Group performance

The Group continued executing its growth strategy despite an unprecedented environment. Whilst acknowledging the impacts of COVID-19 have been challenging, the fundamental earnings opportunity for the Group remains unchanged, underpinned by valuable long-term licences in sought after destinations.

Group performance in FY2020 was significantly affected by COVID-19. Following Federal and State Government directives requiring the closure of all non-essential businesses, the Group ceased gaming, food and beverage, banqueting and conferencing operations at all its properties from 23 March 2020. Hotel accommodation remained open in a significantly reduced capacity.

The Star Sydney re-opened on a highly restricted basis from 1 June 2020 in accordance with a COVID-Safe Plan which complied with NSW Government health orders. At the re-opening, The Star Sydney was initially limited to serving up to 500 customers at one time due to COVID-19 spatial distancing requirements. The Star Gold Coast and Treasury Brisbane did not re-open until 3 July 2020.

The closure of the Group's properties on 23 March 2020 followed a period of lower visitation and revenue, impacted by border closures and travel restrictions as a response to COVID-19. Given the exogenous disruption and property closures as a result of COVID-19, the Group's financial performance in FY2020 may be considered over 1 July 2019 to 29 February 2020 (the Group's performance pre-COVID-19) as well as over FY2020 (incorporating the property closures and restricted trading).

Gross revenue, before commissions, of $1,748.9 million was down 30.4% on the prior comparable period (***pcp***).

For the period to February 2020, gross revenue, before commissions of $1,586.1 million was down 7.6% on the pcp, largely due to the unusually low win rate in the International VIP Rebate business of 0.69% (1.45% in the pcp). This was partially offset by 2.4% growth in domestic revenue, driven by broad based growth across the Queensland properties. Normalised[1] revenue increased 7.5% to $1,817.7 million, reflecting growth in International VIP Rebate volumes, up 25.3%.

State Government imposed restrictions lead to a deterioration of revenue post February 2020, as social distancing measures were progressively imposed, up to closure of the properties on 23 March 2020. Gross revenues post February 2020 of $162.8m includes $31.5m related to the Sydney property re-opening in June and revenue initiatives during closure.

For the period to February 2020, operating costs were flat on pcp, reflecting domestic and International VIP volume growth, higher wages, performance based provisioning and International VIP debt provisioning, offset by cost out benefits. Gaming taxes and levies were down 2.3%, in line with lower revenue. Significant expense items ($7.7 million before tax) relate to written off costs related to the Sydney Ritz-Carlton Tower.

[1] Normalised results reflect the underlying performance of the business as they remove the inherent win rate volatility of the International VIP Rebate business. Normalised results are adjusted using an average win rate of 1.35% of actual turnover, gaming taxes and commissions on revenue share programs. Normalised earnings exclude significant items.

Post February 2020, operating costs were $108.9 million, which includes approximately $10 million per month during property closures. Gaming taxes and levies were $12.5 million, reflecting the significantly reduced revenue over this period. Significant expense items ($148.2 million before tax) relate to increased provision for VIP debts, asset impairments and one-off COVID-19 related expenditures.

Earnings before interest, tax, depreciation, amortisation (***EBITDA***) (excluding significant items) of $282.0 million was down 49.0% on pcp. Normalised EBITDA (excluding significant items) of $429.6 million was down 22.8% on pcp. For the period to February 2020, EBITDA (excluding significant items) of $263.8 million was down 35.0% on pcp. Normalised EBITDA (excluding significant items) of $420.7 million was up 12.1% on pcp.

Depreciation and amortisation expense of $205.0 million was down 0.4% on pcp, reflecting $9.0 million of one-off accelerated depreciation in the pcp, partially offset by $8.1 million of depreciation on leased assets, introduced for the first time in FY2020 following adoption of the new accounting standard AASB 16 *Leases*. Finance costs of $48.4 million (excluding significant items) were up 37.1%, reflecting the higher average drawn debt balances.

Net loss after tax was $94.6 million. Normalised net profit after tax, excluding significant items, was $120.8 million, down 46.0% on the pcp. Basic and Diluted Earnings per Share were both (10.3) cents (both 21.6 cents in the pcp).

2.4. Group financial position

The Group remains committed to maintaining a balance sheet that positions it for post-COVID-19 recovery. No final dividend was declared, and the interim dividend was deferred, allowing for settlement via a fully underwritten share issue on 2 July 2020. In accordance with the conditions of debt covenant waivers at 30 June 2020, no further cash dividends will be paid until the Group's gearing, which represents the ratio of net debt to 12 month trailing statutory EBITDA, is below 2.5 times.

Patron receivables continue to be recovered, however collection has been subdued due to closure of casinos in the region and international travel restrictions limiting VIP patron visitation. An additional provision reflecting the increased uncertainty of recovery has been recognised, limiting the Group's exposure to outstanding trade receivables to $53.7 million. Trade and other payables of $324.0 million were down 5.0%, reflecting reductions to operating expenditure during property closures, partially offset by the 2020 interim dividend declared but not yet paid.

Net debt[2] was $1,382.7 million (30 June 2019: $972.6 million). The Group refinanced its bank facilities, increasing the total facility limit to $1.2 billion, and secured a further $200.0 million short term facility, providing additional liquidity through the COVID-19 pandemic. Operating cash flow before interest and tax was $157.6 million (30 June 2019: $478.8 million) with an EBITDA to cash conversion ratio of 102% (30 June 2019: 92%).

2.5. Segment operations

The Group comprises the following three operating segments:

- Sydney;
- Gold Coast; and
- Brisbane.

Refer to note A1 for more details of the financial performance of the Company's operating segments. The activities and drivers of the results for these operations are discussed below.

Sydney

Gross revenue was $1,169.5 million, down 25.4% on the pcp and EBITDA (excluding significant items) was $284.1 million, down 7.6% on the pcp. Normalised EBITDA was $276.9 million, down 24.6% on the pcp. The property was subject to progressively imposed social distancing measures through March 2020, culminating in closure of the property on 23 March 2020. While the property was re-opened on 1 June 2020, this was under restricted capacity limits.

For the period to February 2020, gross revenue was $1,051.0 million, up 3.9% on pcp. International VIP Rebate revenue was $225.6 million, up 17.4% on pcp due to an improved win rate of 1.22% (1.02% in the pcp). Domestic revenue was up 0.7%, driven by non-gaming revenue. Hotel cash revenue was up 5.4% due to higher occupancy and rates while food and beverage cash revenue, up 7.1%, benefited from a full year of trading in the new outlets. Domestic gaming revenue was flat on a strong pcp. Normalised gross revenue in Sydney was $1,076.0 million, up 0.3% on the pcp.

For the period to February 2020, gaming taxes and levies of $247.8 million were up 2.4% on the pcp, in line with increased revenue. Sydney's average non-rebate tax rate was 31.3%, down from 31.5% in the pcp (top marginal tax rate of 50.0% in both years). Operating expenditure of $423.4 million was down 1.7% on the pcp, reflecting increased domestic volumes and higher wages offset by lower International VIP Rebate volumes.

[2] Net debt is shown as interest bearing liabilities (excluding lease liabilities), less cash and cash equivalents, less net position of derivative financial instruments.

The Sydney property is a Leadership Partner for Sydney's Lunar Festival, a proud major sponsor and participant in the Sydney Gay and Lesbian Mardi Gras, a Foundation Partner of the Australian Turf Club and participates in The Everest, the world's richest race on turf. It is also a sponsor of the Sydney Swans, New South Wales Rugby League (NSW Blues) and Sydney FC.

The property also contributed to various charities during the period, including Lifeline, Pyrmont Cares Inc and Kookaburra Kids Foundation.

Queensland (Gold Coast and Brisbane)

Gross revenue was $579.4 million, down 38.8% on the pcp and EBITDA (excluding significant items) was ($2.1) million, down 100.9% on the pcp. Normalised EBITDA was $152.7 million, down 19.2% on the pcp. The properties were subject to progressively imposed social distancing measures through March 2020, culminating in closure on 23 March 2020. Both properties remained closed through 30 June 2020. The COVID-19 pandemic has had a significant impact on the Queensland properties.

For the period to February 2020, gross revenue was $535.1 million, down 24.2% on pcp. Domestic revenue growth of 5.2% was broad based, and primarily driven by realisation of investments into the Gold Coast property. Gaming revenue grew across both slots and table, while non-gaming benefited from an uninterrupted year of open food and beverage outlets and greater room rates in the hotels. International VIP Rebate revenue was $14.4 million, down 93.2%. Despite turnover of $16.4 billion, up 80.3%, revenue declined due to an extraordinarily low win rate of 0.09% (2.33% in the pcp). Normalised gross revenue in Queensland was $741.7 million, up 20.2% on the pcp.

For the period to February 2020, gaming taxes and levies were down 10.8% on the pcp, in line with decreased revenues. Operating expenses of $295.4 million across the Queensland properties was up 2.2% on the pcp. This was driven by increased domestic and international volumes, higher wages and newly commissioned assets on the Gold Coast, offset by continued cost management.

The Star Gold Coast is the home of the TV Week Logie Awards and major sponsor of The Star Magic Millions Raceday and Carnival. The Brisbane property was a sponsor of the Brisbane Festival and Brisbane Racing Club.

The Queensland properties also contributed to various charities and not-for-profit organisations including Surf Life Saving Queensland, Cancer Council Queensland and Currumbin Wildlife Sanctuary.

International VIP Rebate business

The results of the International VIP Rebate business are embedded in the segment performance overviews above. For the period to February 2020, the International VIP Rebate business turnover was $34.9 billion, up 25.3% on the pcp. The actual win rate of 0.69% was below both the win rate for the pcp of 1.45% and the theoretical rate of 1.35%. Statutory revenue was $240.0 million, down 40.5% on the pcp, compared to normalised International VIP Rebate business revenue of $471.6 million (up 25.3% on the pcp).

Player rebates and levies of $261.9 million were down 26.4% on pcp, reflecting the lower win rate.

2.6. Significant changes in the state of affairs and future developments

Other than those stated within this report, there were no significant changes in the state of affairs of the Group during the financial year. The section below discusses the impact of key transactions and events that have taken place during the reporting period.

Sydney

Sydney's casino licence continues until 2093. Agreement was reached with the NSW Government on gaming taxes applicable to the property until the end of FY2041. Effective from FY2022, the new 20-year arrangement will comprise flat rates of gaming tax as a percentage of revenue. Further, agreement was reached on key issues which provide regulatory certainty, including an agreement to preserve The Star Sydney as the exclusive casino provider of electronic gaming machines in the two casino Sydney market.

Capital expenditure in the year was approximately $200 million. On 3 July 2020, the upgraded and expanded Sovereign was launched with a soft opening. Initial customer response has been positive. The project was delivered on time and on budget.

Gold Coast

The Group currently holds a perpetual casino licence to operate The Star Gold Coast. The Group owns Broadbeach Island on which the casino is located.

The Group has previously disclosed a major redevelopment of the property of up to $845 million capital spend, including a new tower with joint venture partners CTF and FEC. The construction of the tower continues and is expected to be approximately $370 million. Equity contributions towards the first tower are complete, with remaining costs to be funded out of secured project level debt facilities. Other works in the $845 million capital spend program have been completed. Presales on the second tower are progressing (execution subject to presales and all other approvals). Once developed, the scale of the property under the masterplan is proposed to be expanded to approximately 1,400 hotel rooms and residences with signature gaming facilities, over 20 restaurants and bars, and substantial resort facilities and attractions. The Group's share of the proposed investment is expected to be approximately $578 million (prior to the sale of any apartments).

The Queensland Government has ceased the process to create a Global Tourism Hub or second integrated resort on the Gold Coast and has confirmed it has no intention of reviving the market process for a new integrated resort. The Group continues to focus on delivery of its major investment projects in Queensland.

Capital expenditure, excluding equity investments into the new tower with joint venture partners CTF and FEC, in the current year was approximately $30 million across various minor projects.

The Group also continues to manage the Gold Coast Convention and Exhibition Centre adjacent to the casino.

Brisbane

In November 2015 contractual close was reached between the Queensland Government and Destination Brisbane Consortium (***DBC***) on the Queen's Wharf Brisbane development. DBC's Integrated Resort ownership structure requires capital to be contributed 50% by the Group and 25% each by CTF and FEC. The Group will act as the operator under a long-dated casino management agreement.

The Group holds a perpetual casino licence in Queensland that is attached to the lease of the current Treasury site that expires in 2070. Upon opening of the Integrated Resort, the Group's casino licence will be surrendered and DBC will hold a casino licence for 99 years including an exclusivity period of 25 years.

CTF and FEC will each contribute 50% of the capital to undertake the residential and related components of the broader Queen's Wharf Brisbane development. The Group is not a party to the residential apartments development joint venture.

Shell, core and façade work is underway, with construction progressed above ground. Works have been uninterrupted by the COVID-19 pandemic, however appropriate contingencies are in place should an issue arise.

Target total project costs are estimated to be approximately $2.4 billion, excluding government payments and Treasury Brisbane repurposing costs, with increased capital return expectations. Hotel fit out costs were contracted in 2H FY2020, bringing the total project costs under lump sum terms to approximately 75%. A further 13%, related to the next stage of hotel fit out, is expected to be contracted in 1H FY2021.

$1.6 billion project level debt facility was established in May 2020. The debt runs for a 5.5 year term, which includes approximately 3 years of operating performance and was negotiated prior to COVID-19 market disruptions. The Group has approximately $100 million in remaining equity contributions, after which the remaining construction costs will be funded via the new debt facility.

2.7. Risk management

The Group takes a structured approach to identifying, evaluating and managing those risks which have the potential to affect achievement of strategic objectives. The commentary relating to Principle 7 in the Company's Corporate Governance Statement describes the Group's risk management framework which is based on ISO31000, the international standard on risk management. The Corporate Governance Statement can be viewed on the Company's website.

The COVID-19 pandemic has resulted in additional risk focus areas for the Group being identified and monitored during Q3 and Q4 of FY2020 and through the phased re-opening of the resort facilities. The Group has established a Working Committee to provide oversight during the re-opening process and will undertake regular scenario-based risk assessments to inform prompt decision making. In addition, the Group has developed specific COVID-19 situation related key performance indicators that will be monitored and reviewed by the Risk and Compliance Committee in FY2021 to support effective risk management in a more fluid environment.

Details of the Group's major risks and associated mitigation strategies are set out below. The mitigation strategies are designed to reduce the likelihood of the risk occurring and/or to minimise the adverse consequences of the risk should it happen. However, some risks are affected by factors external to, and beyond the control of, the Group.

Risk and description	Mitigation strategy
Competitive Position	
The potential effect of increased competition in the Group's key markets of Sydney, Brisbane and Gold Coast.	The Group's vision is to be Australia's leading integrated resort company. Substantial investments have been made to develop new or improved venue facilities in all key markets, and to improving customer service capabilities of employees. Revenue sources have also been diversified.
Realising value from capital projects	
The ability to generate adequate returns from the financial capital invested in capital projects.	The Group has implemented a comprehensive project management framework and employed appropriately skilled and experienced project managers to reduce the risk of delays in completion and/or overruns in costs of capital projects. The Group continues to improve capital efficiency, through reduced capital outlook and potential capital recycling of supporting assets. The Group markets and promotes its portfolio of attractive resort facilities to achieve the level of customer patronage required to deliver the expected returns on investment.
Human capital management	
The ability to attract, recruit and retain the right people for key leadership and operational roles.	The Group has in place a variety of avenues to attract, recruit and develop high performing and high potential employees. It undertakes training and development programs to provide employees with career development opportunities. The Group regularly conducts employee engagement surveys to monitor for emerging issues which might affect the ability to retain talented employees. The Group's diversity and inclusion programs are widely recognised as being among the best in the industry.
Effective management of key stakeholders	
The ability to engage with key stakeholders to satisfy competing interests without compromising the Group's operations or achievement of the Group's strategic objectives.	The Group has developed strong communication lines with a variety of stakeholder groups, including State governments in New South Wales and Queensland, key Federal and State regulators, investors, media and unions. The Group has also developed partnerships with a number of local community groups and charitable organisations.
Geo-political and regulatory changes	
The potential effect of political or regulatory changes in Australia affecting the operation of casinos, or the potential effect of changes in the administration of laws in foreign countries affecting the ability of foreign nationals to travel to and/or bring funds to Australia.	The Group continuously monitors for potential legislative changes or changes in relevant government policy in the States and countries in which it conducts business operations. This includes matters core to the integrity of gaming operations such as gaming regulatory compliance, responsible gaming and service of alcohol and Anti-Money Laundering and Counter-Terrorism Financing (AML & CTF) Act compliance. The Group has dedicated regulatory and compliance teams and a specialist AML & CTF compliance team that has recently enhanced the Group's AML Program. The Group also makes representations to government and industry groups to promote effective, appropriate and consistent regulatory and policy outcomes.

Risk and description	Mitigation strategy
Data and systems security and reliability The ability to protect the integrity of confidential business or customer data which is collected, used, stored, and disposed of in the course of business operations, and the ability to maintain the security and operating reliability of key business systems.	The Group has a dedicated IT security function which continuously tests and monitors technology systems to detect and block viruses and other threats to the security of the Company's data. Employees are regularly trained on the importance of maintaining effective cyber security and data privacy processes.
Major business disruption events The ability to anticipate, prevent, respond to and recover from events which have the potential to prevent the continued operation of one of the Group's resort facilities, or which inhibit the ability of guests being able to visit one of its resort facilities for a sustained period of time.	The Group's business continuity framework enables early identification of material risks to the continued operation of a resort facility. The framework is supported by a suite of emergency response, crisis management, and disaster recovery plans that are regularly tested and updated.
People health and safety The ability to operate the Group's resort facilities without affecting the safety, security and wellbeing of its guests and employees.	The Group takes a risk based approach to managing health and safety including with respect to COVID-19. Critical safety risks have been identified with mitigation plans in place. Dedicated health and safety and injury management specialists are employed at each resort facility. To assist in maintaining the safety and security of its guests and employees, each resort facility employs a substantial number of security and surveillance personnel to provide support in monitoring existential threats and managing potential incidents on a real time basis.
Financial management The ability to maintain financial performance and a strong balance sheet which enables the Group to fund future growth opportunities on commercially acceptable terms.	The Group annually establishes a financial budget and 5 year plan which underpin the setting of performance targets incorporated in management incentive plans. Financial performance is continuously monitored for any variations from annual financial budgets and market expectations. The core business produces strong cashflow, allowing the Group to maintain low to moderate levels of debt while allowing shareholders to be paid dividends.
Corporate governance The ability to maintain a strong and effective governance structure which supports a culture of transparency, accountability, and compliance.	The Group has a well-defined governance framework which identifies the roles and responsibilities of the Board, the Board Committees and senior management. The Group also has a complementary set of key policies, compliance with which is monitored on an ongoing basis. The Group operates an integrated "3 lines of defence" model to identify and manage key risks and to provide assurance that critical controls are effective in managing those risks.

2.8. Environmental regulation and performance

The Group is committed to sustainability leadership in the entertainment sector and reducing resource consumption across its operations.

The Group has in place a five-year Sustainability Strategy, 'Our Bright Future', which is focused on building business capacity and delivering continuous improvement in the management of environmental, social and governance issues (***ESG***). The Sustainability Strategy is aligned to the business strategy and groups ESG objectives and targets into four key pillars:

- we strive to be Australia's leading integrated resort company;
- we actively support guest wellbeing;
- we attract, develop and retain talented teams; and
- we develop and operate world class properties.

The Sustainability Strategy is underpinned by a structured materiality assessment process that is conducted annually to ensure ESG issues remain relevant. In January 2020, the Group released 'Beyond 2020, The Star's Sustainability Action Plan' to support the delivery of the Sustainability Strategy pillars. The Star's Beyond 2020 Sustainability Action Plan highlights the Group's achievements to date, material issues, priorities, commitments and future goals.

As part of the Group's commitment to building world class properties, the Group continues to target sustainable reductions in resource use through capital, and operational energy and water improvement projects. Within the year, the Group expanded its commitment to a low carbon future by setting a target to achieve net-zero carbon emissions for its wholly owned and operated assets by 2030 as a long term measure.

The pathway to achieve this target includes the purchasing of renewable energy and the assessment of onsite solar, continuing the company's energy efficiency program and developing a carbon offsetting strategy.

The Group remains committed to immediate action through its interim targets to achieve a 30% reduction in carbon and water intensity by FY2023 against the base year FY2013.

An active energy and water project pipeline, first established in FY2014, continues to monitor and track projects that deliver cost and environmental benefits. To ensure energy and water efficiency is achieved in refurbishment and development projects, the Group's Sustainable Design and Operational Standards have been applied to achieve greener building outcomes by specifying energy efficient technologies and best practice water and waste management. Implementation of these Standards has led to Green Star Performance and NABERS Ratings, enabling the benchmarking of operational performance of The Star's assets. The Company's offices at 60 Union Street, Pyrmont, New South Wales have achieved a 5 Star Green Star Interiors Rating as part of the refurbishment process.

The Group retained the global leadership position in the Casino and Gaming Industry in the Dow Jones Sustainability Index for the fourth year running.

The Group's Global Reporting Index (***GRI***) report is published on the Company's website, demonstrating a 'core' level of compliance. The GRI Reporting Standards are the most widely used standards for sustainability reporting, and represent global best practice for reporting on economic, environmental and social impacts.

The Company is registered under the National Greenhouse Energy Reporting System (***NGERS***) and reports all energy consumption and greenhouse gas emissions to the Federal Government each year. The Company's Environmental Management Policy, Sustainability Strategy and Action Plan, Materiality Assessment and Sustainable Design and Operational Standards can be found on the Company's website. Sustainability performance and progress against the Sustainability Strategy is reported to the People, Culture and Social Responsibility Committee regularly.

3. Earnings per share (EPS)

Basic and diluted EPS for the financial year was (10.3) cents (2019: 21.6 cents), 147.7% down on the pcp predominately due to the impact of the COVID-19 pandemic. EPS is disclosed in note F3 of the Financial Report.

4. Dividends

4.1. Dividend payout

An interim dividend of 10.5 cents per share (fully franked) was declared on 19 February 2020 and payable on 1 April 2020. However, due to the impact of COVID-19, payment of the interim dividend was deferred and paid on 2 July 2020.

In order to maintain a balance sheet that positions the Group for a post COVID-19 recovery, no final dividend was declared.

In accordance with agreed terms associated with the waiver of covenants at 30 June 2020 from debt providers, no further cash dividends will be paid until gearing, which represents the ratio of net debt to 12 month trailing statutory EBITDA, is below 2.5 times. Further detail can be found in the ASX Announcement - Deferral of 1H FY2020 Dividend and Changes to Dividend Policy (dated 31 March 2020).

5. Significant events after the end of the financial year

On 2 July 2020, the Group issued 30,730,998 new shares to settle the interim dividend (refer to note A6). Existing shareholders who elected to participate in the Dividend Reinvestment Plan (***DRP***) received 6,849,977 new shares. In accordance with the underwriting agreement, Credit Suisse Equities (Australia) Limited received 23,881,021 new shares in exchange for $75.1 million cash to fund the dividend cash payment.

Other than those events that have already been disclosed in this report or elsewhere in the Financial Report, there have been no other significant events occurring after 30 June 2020 and up to the date of this report that have materially affected or may materially affect the Group's operations, the results of those operations or the Group's state of affairs.

6. Directors' qualifications, experience and special responsibilities

The details of the Company's Directors in office during the financial year and until the date of this report (except as otherwise stated) are set out below.

Current Directors	
John O'Neill AO	**Chairman** (from 8 June 2012)**; Non-Executive Director** (from 28 March 2011) *Diploma of Law; Foundation Fellow of the Australian Institute of Company Directors; Officer of the Order of Australia; French decoration of Chevalier de la Legion d'Honneur* **Experience:** John O'Neill was formerly Managing Director and Chief Executive Officer of Australian Rugby Union Limited, Chief Executive Officer of Football Federation Australia, Managing Director and Chief Executive Officer of the State Bank of New South Wales, and Chairman of the Australian Wool Exchange Limited, as well as a Director of Tabcorp Holdings Limited. Mr O'Neill was also the inaugural Chairman of Events New South Wales, which flowed from the independent reviews he conducted into events strategy, convention and exhibition space, and tourism on behalf of the New South Wales Government, as well as a Director of Rugby World Cup Limited. Mr O'Neill is currently Chairman of Queensland Airports Limited. Mr O'Neill also chairs the Bates Smart Advisory Board and is a member of the Advisory Council of China Matters. He is also a member of the 2032 Brisbane Olympic Bid Advisory Board to the Premier of Queensland. **Special Responsibilities:** Mr O'Neill is Chairman of the Board and an ex-officio member of all Board committees. **Directorships of other Australian listed companies held during the last 3 years:** Nil
Matt Bekier	**Managing Director and Chief Executive Officer** (from 11 April 2014) **Executive Director** (from 2 March 2011) *Master of Economics and Commerce; PhD in Finance* **Experience:** Matt Bekier is a member of the Board of the Australasian Gaming Council. Mr Bekier was previously Chief Financial Officer and Executive Director of the Company and also previously Chief Financial Officer of Tabcorp Holdings Limited from late 2005 and until the demerger of the Company and its controlled entities in June 2011. Prior to his role at Tabcorp, Mr Bekier held various roles with McKinsey & Company. **Special Responsibilities:** Nil **Directorships of other Australian listed companies held during the last 3 years:** Nil

Directors' Report
for the year ended 30 June 2020

Current Directors	
Gerard Bradley	**Non-Executive Director** (from 30 May 2013) *Bachelor of Commerce; Diploma of Advanced Accounting; Fellow of the Institute of Chartered Accountants; Fellow of CPA Australia; Fellow of the Australian Institute of Company Directors; Fellow of the Institute of Managers and Leaders* **Experience:** Gerard Bradley is the Chairman of Queensland Treasury Corporation and related companies, having served for 14 years as Under Treasurer and Under Secretary of the Queensland Treasury Department. He has extensive experience in public sector finance in both the Queensland and South Australian Treasury Departments. Mr Bradley has previously served as Chairman of the Board of Trustees at QSuper. His previous non-executive board memberships also include Funds SA, Queensland Investment Corporation, Suncorp (Insurance & Finance), Queensland Water Infrastructure Pty Ltd, and South Bank Corporation. Mr Bradley is currently a Non-Executive Director of Pinnacle Investment Management Group Limited and a Director of the Winston Churchill Memorial Trust. **Special Responsibilities:** • Chair of the Risk and Compliance Committee • Member of the Audit Committee • Member of the Investment and Capital Expenditure Review Committee **Directorships of other Australian listed companies held during the last 3 years:** • Pinnacle Investment Management Group Limited (1 September 2016 to present)
Ben Heap	**Non-Executive Director** (from 23 May 2018) *Bachelor of Commerce (Finance); Bachelor of Science (Mathematics)* **Experience:** Ben Heap has wide-ranging experience in asset and capital management as well as technology and digital businesses. He has extensive business strategy, innovation, investment and governance expertise. Mr Heap is a Founding Partner of H2 Ventures, a venture capital investment firm and a Director of its related private companies. He is a Non-Executive Director of Colonial First State Investments Limited (a subsidiary of the Commonwealth Bank of Australia), the Vice President of Gymnastics Australia and a member of the Australian Commonwealth Government's Fintech Advisory Group. Mr Heap is also a Non-Executive Director of Redbubble Limited and Chair of its People and Nomination Committee. Mr Heap was previously Managing Director for UBS Global Asset Management in Australasia and prior to this, Head of Infrastructure for UBS Global Asset Management in the Americas. He held a number of directorships associated with these roles. Earlier in his career, Mr Heap was Group Executive, E-Commerce & Corporate Development for TAB Limited. **Special Responsibilities:** • Member of the Risk and Compliance Committee • Member of the Remuneration Committee • Member of the People, Culture and Social Responsibility Committee **Directorships of other Australian listed companies held during the last 3 years:** • Redbubble Limited (20 April 2020 to present)

Directors' Report
for the year ended 30 June 2020

Current Directors	
Katie Lahey AM	**Non-Executive Director** (from 1 March 2013) *Bachelor of Arts (First Class Honours); Master of Business Administration; Member of the Order of Australia* **Experience:** Katie Lahey has extensive experience in the retail, tourism and entertainment sectors and previously held chief executive roles in the public and private sectors. Ms Lahey is currently a Director of Carnival Corporation & plc, and is a member of the National Indigenous Culinary Institute Advisory Board. Ms Lahey was previously the Chair of Carnival Australia and the Chairman Australasia of Korn Ferry International. In addition, Ms Lahey was also a member of the boards of David Jones Limited, Australia Council Major Performing Arts, Hills Motorway Limited, Australia Post and Garvan Research Foundation. **Special Responsibilities:** • Chair of the People, Culture and Social Responsibility Committee • Member of the Remuneration Committee • Member of the Risk and Compliance Committee **Directorships of other Australian listed companies held during the last 3 years:** Nil
Sally Pitkin	**Non-Executive Director** (from 19 December 2014) *Doctor of Philosophy (Governance); Master of Laws; Bachelor of Laws; Fellow of the Australian Institute of Company Directors* **Experience:** Sally Pitkin is a company director with over 20 years' experience as a Non-Executive Director and board member across a wide range of industries in the private and public sectors. She has extensive experience in the gaming industry. Dr Pitkin is a former lawyer and senior corporate partner with a national law firm. Dr Pitkin is currently the Chair of Super Retail Group Limited and a Non-Executive Director of Link Administration Holdings Limited. **Special Responsibilities:** • Chair of the Remuneration Committee • Member of the Audit Committee • Member of the People, Culture and Social Responsibility Committee **Directorships of other Australian listed companies held during the last 3 years:** • Super Retail Group Limited (1 July 2010 to present) • Link Administration Holdings Limited (23 September 2015 to present) • IPH Limited (23 September 2014 to 20 November 2017)

Current Directors	
Richard Sheppard	**Non-Executive Director** (from 1 March 2013) *Bachelor of Economics (First Class Honours); Fellow of the Australian Institute of Company Directors* **Experience:** Richard Sheppard has had an extensive executive career in the banking and finance sector including an executive career with Macquarie Group Limited spanning more than 30 years. Mr Sheppard was previously the Managing Director and Chief Executive Officer of Macquarie Bank Limited and chaired the boards of a number of Macquarie's listed entities. He has also served as Chairman of the Commonwealth Government's Financial Sector Advisory Council. Mr Sheppard is currently the Chairman and a Non-Executive Director of Dexus Property Group and a Non-Executive Director of Snowy Hydro Limited. He is also Honorary Treasurer of the Bradman Foundation. **Special Responsibilities:** • Chair of the Investment and Capital Expenditure Review Committee • Member of the Audit Committee • Member of the Risk and Compliance Committee **Directorships of other Australian listed companies held during the last 3 years:** • Dexus Property Group (1 January 2012 to present)
Zlatko Todorcevski	**Non-Executive Director** (from 23 May 2018) *Bachelor of Commerce (Accounting); Masters of Business Administration; Fellow of CPA Australia; Fellow of Governance Institute of Australia* **Experience:** Zlatko Todorcevski is an experienced executive with over 30 years' experience in the oil and gas, logistics and manufacturing sectors. He has a strong background in corporate strategy and planning, mergers and acquisitions, and strategic procurement. He also has deep finance expertise across capital markets, investor relations, accounting and tax. Mr Todorcevski was previously the Chief Financial Officer of Brambles Limited. Prior to that, he was Chief Financial Officer of Oil Search Limited and the Chief Financial Officer for Energy at BHP. Mr Todorcevski is currently a Non-Executive Director of Coles Group Limited and a member of the Council of the University of Wollongong. He is also the Chief Executive Officer & Managing Director of Boral Limited. **Special Responsibilities:** • Chair of the Audit Committee • Member of the Risk and Compliance Committee • Member of the Investment and Capital Expenditure Review Committee **Directorships of other Australian listed companies held during the last 3 years:** • Adbri Limited/Adelaide Brighton Limited (22 March 2017 to 15 June 2020) • Coles Group Limited (19 November 2018 to present)

Directors' Report

for the year ended 30 June 2020

7. Directors' interests in securities

At the date of this report (except as otherwise stated), the Directors had the following relevant interests in the securities of the Company:

Name	Ordinary Shares	Performance Rights
Current		
John O'Neill AO	133,800	Nil
Matt Bekier	1,008,905	2,535,329
Gerard Bradley	75,000	Nil
Ben Heap	40,000	Nil
Katie Lahey AM	46,907	Nil
Sally Pitkin	45,900	Nil
Richard Sheppard	200,000	Nil
Zlatko Todorcevski	155,000	Nil

8. Company Secretary

Paula Martin holds the position of Chief Legal & Risk Officer and Company Secretary. She holds a Bachelor of Business (Int. Bus.), a Bachelor of Laws and a Graduate Diploma in Applied Corporate Governance.

Paula has over 14 years' experience in the gaming industry, first with Tabcorp Holdings Limited and continuing with The Star Entertainment Group. Following consolidation of the legal, risk, regulatory and compliance functions, Paula was appointed to the role of Chief Legal & Risk Officer in August 2019.

Paula has a broad commercial law and regulatory background, having first practised with King & Wood Mallesons in the telecommunications, information technology and competition law areas. She is a member of the Queensland Law Society, Association of Corporate Counsel (Australia) and the Governance Institute of Australia.

9. Board and Committee meeting attendance

During the financial year ended 30 June 2020, the Company held 14 meetings of the Board of Directors (including 6 unscheduled meetings which were attended by all Directors). The numbers of Board and Committee meetings attended by each of the Directors during the year are set out in the table below.

	Board of Directors		Audit Committee		Risk and Compliance Committee		Remuner-ation Committee		People, Culture & Social Responsibility Committee		Investment & Capital Expenditure Review Committee	
Directors	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**
John O'Neill AO	14	14	4	4	4	4	5	5	3	3	1	1
Matt Bekier [c]	14	14	-	-	-	-	-	-	-	-	-	-
Gerard Bradley	14	14	4	4	4	4	2	-	1	-	1	1
Ben Heap	14	14	4	-	4	4	5	5	3	3	1	-
Katie Lahey AM	14	14	4	-	4	4	5	5	3	3	1	-
Sally Pitkin	14	14	4	4	4	-	5	5	3	3	1	-
Richard Sheppard	14	14	4	4	4	4	1	-	-	-	1	1
Zlatko Todorcevski	14	14	4	4	4	4	3	-	2	-	1	1

A - Number of meetings attended as a Board or Committee member.

B - Maximum number of meetings available for attendance as a Board or Committee member.

c The Managing Director and Chief Executive Officer is not a member of any Board Committee but may attend Board Committee meetings upon invitation. This attendance is not recorded here.

Details of the functions and memberships of the Committees of the Board and the terms of reference for each Board Committee are available from the Corporate Governance section of the Company's website.

10. Indemnification and insurance of Directors and Officers

The Directors and Officers of the Company are indemnified against liabilities pursuant to agreements with the Company. The Company has entered into insurance contracts with third party insurance providers, in accordance with normal commercial practices. Under the terms of the insurance contracts, the nature of the liabilities insured against and the amount of premiums paid are confidential.

11. Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the end of the financial year.

12. Non-audit services

Ernst & Young, the external auditor to the Company and the Group, provided non-audit services to the Company during the financial year ended 30 June 2020. The Directors are satisfied that the provision of non-audit services during this period was compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* (*Cth*). The nature and scope of each type of non-audit service provided did not compromise auditor independence. These statements are made in accordance with advice provided by the Audit Committee.

The Audit Committee reviews the activities of the independent external auditor and reviews the auditor's performance on an annual basis.

Limited authority is delegated to the Company's Chief Financial Officer for the pre-approval of audit and non-audit services proposed by the external auditor, limited to $50,000 per engagement and capped at 40% of the relevant year's audit fee. Delegated authority is only exercised in relation to services that are not in conflict with the role of statutory auditors, where management does not consider the services to impair the independence of the external auditor and the external auditor has confirmed that the services would not impair their independence. Any other non-audit related work to be undertaken by the external auditor must be approved by the Chair of the Audit Committee.

Further details relating to the Audit Committee and the engagement of auditors are available in the Corporate Governance Statement.

Ernst & Young, acting as the Company's external auditor, received or is due to receive the following amounts in relation to the provision of non-audit services to the Company:

Description of services	**$000**
Fees for other assurance and agreed-upon-procedures services (including sustainability assurance) under contractual arrangements where there is discretion as to whether the service is provided by the auditor	90.0
Fees for other advisory and compliance services	224.4
Total of all non-audit and other services	314.4

Amounts paid or payable by the Company for audit and non-audit services are disclosed in note F12 of the Financial Report.

13. Rounding of amounts

The Star Entertainment Group Limited is a company of the kind specified in the Australian Securities and Investments Commission's *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. In accordance with that Instrument, amounts in the Financial Report and the Directors' Report have been rounded to the nearest hundred thousand dollars unless specifically stated to be otherwise.

14. Auditor's independence declaration

Attached is a copy of the auditor's independence declaration provided under section 307C of the *Corporations Act 2001 (Cth)* in relation to the audit of the Financial Report for the year ended 30 June 2020. The auditor's independence declaration forms part of this Directors' Report.

This report has been signed in accordance with a resolution of Directors.

John O'Neill

John O'Neill AO
Chairman
Sydney
20 August 2020

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

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Fax: +61 2 9248 5959
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Auditor's Independence Declaration to the Directors of The Star Entertainment Group

As lead auditor for the audit of the financial report of The Star Entertainment Group for the financial year ended 30 June 2020, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of The Star Entertainment Group and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

Megan Wilson

Megan Wilson
Partner
20 August 2020

THE STAR ENTERTAINMENT GROUP LIMITED

The Star Entertainment Group Limited

A.C.N. 149 629 023

ASX Code: SGR

and its controlled entities

Remuneration Report (audited)

for the year ended 30 June 2020

Introduction from the Remuneration Committee Chair

Dear Shareholder,

*On behalf of the Board, I present the Remuneration Report for the year ended 30 June 2020 (**FY20**). This report is prepared on a consistent basis to the previous year for ease of reference.*

2019 Annual General Meeting (AGM)

The FY19 Remuneration Report received positive shareholder support at the 2019 AGM, with 97.05% of votes in favour of the resolution.

*At the 2019 AGM, shareholders approved a grant to the Managing Director and Chief Executive Officer of performance rights under the Long Term Incentive Plan (**LTI**). His total remuneration package for FY20 was unchanged from the prior year with the exception of the COVID-19 salary sacrifice adjustments in the last quarter of FY20.*

COVID-19 impact

On the 25 March 2020, the Group announced the cessation of gaming activities and closure of food and beverage outlets pursuant to Federal, New South Wales and Queensland Governments' COVID-19 related directives, requiring the closure of all non-essential businesses. The shutdown of the casino properties had a material impact on The Star's operations and performance for the year, including the temporary standing down of approximately 90% of the workforce. Remuneration adjustments or reduced hours were accepted by executives, including a 40% salary reduction for the Managing Director and Chief Executive Officer and a 50% fee reduction for Non-Executive Directors for the remainder of FY20.

*Prior to the closure of operations, the Group was on track to meet its Normalised Net Profit after Tax (NPAT) target (at the end of February 2020 (**pre-COVID-19**), NPAT was 105% against target and up 16% on the prior corresponding period), and on track to meet its non-financial performance measures of Guest Satisfaction and Safety - Total Reportable Injury Frequency Rate. However, the shutdown has resulted in a Statutory Net Loss After Tax for the Group of $94.6 million for FY20.*

FY20 Short Term Incentive (STI)

The Group did not achieve the financial gateway under the STI, however, the Board has decided to exercise its discretion to make limited equity awards under the FY20 STI. The rationale for the exercise of discretion and details of the awards made are set out in section 4.4 of this report.

Long Term Incentive (LTI)

The FY16 LTI award was tested for vesting during the period and did not vest as the relative Total Shareholder Return (TSR) and Earnings per Share (EPS) hurdles were not met.

The FY17 LTI will be tested for vesting in October 2020. The guiding principles communicated in FY19 will be applied to support a fair and reasonable outcome. Further updates on the outcomes will be provided ahead of the 2020 AGM.

In light of the uncertainty created by the pandemic, the target setting for the FY21 LTI awards will be delayed, refer to section 4.5 of this report.

KMP changes

*During the year, the Chief Financial Officer (**CFO**) role was assumed by Harry Theodore, who replaced the outgoing Group CFO Chad Barton. Details of the separation arrangements and remuneration details for the CFO are provided in this report.*

We thank you for your support in FY20 and welcome your feedback on our Remuneration Report.

Yours sincerely,

Sally Pitkin

Remuneration Committee Chair

Remuneration Report (audited)

For the year ended 30 June 2020

This Remuneration Report is comprised of the following sections:

Table of Contents

The Directors of The Star Entertainment Group Limited (***The Star Entertainment Group*** or *the* ***Company***) have approved this Remuneration Report for the consolidated entity comprising the Company and its controlled entities (collectively referred to as the ***Group***) in respect of the financial year ended 30 June 2020.

This Remuneration Report outlines the remuneration arrangements for Key Management Personnel (***KMP***) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of The Star Entertainment Group Limited. This report has been prepared in accordance with the requirements of the *Corporations Act 2001(Cth)* (the ***Corporations Act***) and its regulations. The information has been audited as required by section 308(3C) of the Corporations Act where indicated.

For the purposes of this report, the term *'**Executive KMP**'* means the executive director (Managing Director and Chief Executive Officer) and senior executives (the Chief Financial Officer, the Chief Casino Officer and Group Executive Operations) but excludes Non-Executive Directors ***(NEDs)***.

1. Summary for FY20

Remuneration Reviews	In accordance with its Reward Strategy, the Company annually assesses the remuneration levels and mix for Executive KMP to identify where adjustments are appropriate based on market benchmarking against relevant peer groups. The Company considers companies with a market capitalisation within the range of 70%-160% of The Star Entertainment Group's market capitalisation and appropriate gaming and entertainment peers. Following the annual remuneration review completed in September 2019, the Board made no changes to the Managing Director and Chief Executive Officer's fixed remuneration and short-term incentive for FY20. There were no increases to the total annual reward for other Executive KMP. Following the impact of the COVID-19 health crisis on the business, remuneration adjustments were made for all executives, including a 40% salary reduction for the Managing Director and Chief Executive Officer and a 50% fee reduction for Non-Executive Directors for the remainder of FY20. Further details on Executive KMP remuneration are provided in Table 10. For FY21, there will be no change made to the Managing Director and Chief Executive Officer's remuneration.
Short Term Incentive (*STI*)	For purposes of the FY20 STI the Group was on track to meet its performance gateway prior to COVID-19, however as a result of the mandatory shutdown of operations in March 2020, the full year result was impacted and the NPAT gateway was not met. The Board considered a range of factors, including the impact of COVID-19 on the Group's operations, team members, shareholders, guests and other stakeholders. Management's response to the pandemic, including the delivery of significant milestones critical for future success and shareholder value creation, in spite of the challenging environment were considered. The Board also considered the aim of the STI, which is to reward participants for the achievement of the Group's strategy and operational goals, as well as to retain talent, particularly in an environment of increased competition (including in Sydney from 2021) and uncertainty. Based on this assessment, the Board approved a limited STI pool, determined as a percentage of the on target STI amount. For the MD and CEO and Executive Committee, 40% of the STI on-target amount was approved (individual outcomes for Executive KMP are outlined in Table 1). For the remaining 776 STI participants, 60% of the on-target amount was approved. The FY20 STI awards will be delivered in shares to preserve cash and be subject to a one year retention restriction from the date of issue. Details are provided in section 4.4 of this report.
Long Term Incentive (*LTI*)	Performance rights relating to the FY16 LTI award were tested in September 2019 with none of these rights vesting into fully paid ordinary shares. The TSR performance of the Group was -3.089% with a percentile ranking of 14.93 and the EPS performance was 22.4 cents (below the target of 35.2 cents and threshold of 33.5 cents). The FY17 LTI will be tested for vesting in October 2020. Due to the uncertainty created by COVID-19 on the budget setting and strategic planning processes, target setting for the FY21 LTI will be delayed.
Remuneration Outcomes	Table 1 provides a summary of total remuneration received by Executive KMP during the 2020 financial year. This information differs from the Statutory Remuneration Table 11 on page 32, which presents remuneration in accordance with accounting standards. In response to the COVID-19 business closures, all Executive KMP (excluding Mr Barton) elected to take temporary reductions to their fixed remuneration ranging from 20% – 40% for the period from 1 April to 30 June 2020.

Table 1: FY20 Executive Remuneration

Executive	Cash ($)			Equity ($)			TOTAL ($)
	Adjusted fixed remuneration[2]	STI- Cash	Total Cash	FY20 STI deferred equity	LTI Vested	FY16 LTI Lapsed[4]	Total value received[5]
Matt Bekier	1,556,010	-	1,556,010	829,872	-	(1,100,000)	2,385,882
Harry Theodore[1]	500,500	-	500,500	190,080	-	(135,960)	690,580
Greg Hawkins	1,176,000	-	1,176,000	241,920	-	(480,000)	1,417,920
Geoff Hogg	586,018	-	586,018	125,017	-	(220,000)	711,035
Chad Barton[1]	1,117,709[3]	-	1,117,709	-	-	(273,000)	1,117,709
TOTAL	4,936,237	-	4,936,237	1,386,889	-	(2,208,960)	6,323,126

[1] On 16 August 2019, the Company announced Mr Chad Barton's decision to leave the business effective 1 November 2019. From 1 September 2019, Mr Barton's responsibilities were transitioned to Mr Harry Theodore who joined The Star in 2011 and previously held the role of Chief Commercial Officer
[2] In response to the COVID-19 business closures, all Executive KMP (excluding Mr Barton) elected to take temporary reductions to their fixed remuneration ranging from 20% – 40% for the period from 1 April to 30 June 2020
*[3] Mr Barton's fixed remuneration for the year comprised $525,486 in fixed remuneration, $394,815 paid as an Employment Termination Payment (**ETP**) and an ex-gratia payment of $197,408*
[4] Represents the award value (at date of Grant) of the FY16 performance rights that lapsed/ were foregone during the year as the minimum performance hurdles required for vesting were not met
[5] Total value excludes any negative amounts from lapsed LTI grants

Non-Executive Director (NED) fees

The Chairman and Non-Executive Directors accepted a 50% reduction in their fees for quarter four of FY20. The base fees for FY20 remained unchanged from FY19. There were no changes to the Non-Executive Directors' fee pool limit of $2.5 million per annum. For FY21 there will be no changes to NED fees.

2. Key Management Personnel

The names and titles of the Company's KMP for the year ended 30 June 2020 are set out below.

Mr Harry Theodore assumed the role of Chief Financial Officer from 1 September 2019, following the decision by Mr Chad Barton to leave the Company effective 1 November 2019.

Non-Executive Directors	Position
John O'Neill AO	Chairman and Non-Executive Director
Gerard Bradley	Non-Executive Director
Katie Lahey AM	Non-Executive Director
Sally Pitkin	Non-Executive Director
Richard Sheppard	Non-Executive Director
Zlatko Todorcevski	Non-Executive Director
Ben Heap	Non-Executive Director
Executive KMP	
Matt Bekier	Managing Director and Chief Executive Officer
Harry Theodore[1]	Chief Financial Officer (Commenced 1 September 2019)
Greg Hawkins	Chief Casino Officer
Geoff Hogg[2]	Group Executive Operations
Chad Barton[1]	Group Chief Financial Officer (Ceased 1 November 2019[i])

[1] On 16 August 2019, the Company announced Chad Barton's decision to leave the business effective 1 November 2019. From 1 September 2019, Mr Barton's responsibilities were transitioned to Harry Theodore who joined the Group in 2011 and previously held the role of Chief Commercial Officer.
[2] Subsequent to 30 June 2019, Geoff Hogg assumed the role of Group Executive Operations, responsible for group-wide property operations. The role of Managing Director, Queensland was retired.

3. Remuneration Governance

The Remuneration Committee (the ***Committee***) considers matters relating to the remuneration of KMP as well as the remuneration policies of the Group generally. This includes reviewing and recommending to the Board, the remuneration of the Chairman and NEDs, Executive KMP and other direct reports to the MD and CEO. The main responsibilities of the Committee are outlined in the Remuneration Committee Terms of Reference, available on the corporate governance page of the Company's website: www.starentertainmentgroup.com.au/corporate-governance/

Under the Remuneration Committee Terms of Reference, the majority of Committee members must be independent non-executive directors and the Chair of the Committee must be an independent non-executive director. All members of the Remuneration Committee (including the Chair of the Committee) are independent non-executive directors. Details of members of the Committee and their background are included in the Directors' Report on pages 9 to 12.

The following diagram represents The Star Entertainment Group's remuneration decision-making structure.

Board
Review and approval
Exercise discretion in relation to targets, goals or funding pools

↑

Remuneration Committee
Company remuneration framework, strategy and policy
Remuneration reviews and recommendations for NED, Executive KMP and other direct reports to the MD and CEO

↑

Management
Proposals on executive remuneration outcomes
Implementing remuneration policies

Remuneration Advisors
External and independent remuneration advice and information

Use of remuneration advisors

The Committee seeks external advice from time to time to ensure it is fully informed when making remuneration decisions. Remuneration advisors are engaged by, and report directly to, the Committee. The Group went to market during FY20 for remuneration advisory services and as a result, PricewaterhouseCoopers (***PwC***) were re-appointed as the Group's independent external remuneration consultants. No remuneration recommendations as defined by the Corporations Act were provided by PwC during FY20.

*Remuneration Report approval at 2019 Annual General Meeting (**AGM**)*

The FY19 Remuneration Report received positive shareholder support at the 2019 AGM, with 97.05% of votes in favour of the resolution.

Gender pay equity

The Group is committed to all employees being remunerated fairly and equitably. The Group conducts annual gender pay equity reviews that are presented to the Remuneration Committee and continues to address any gender pay equity issues as they arise.

4. Remuneration Strategy and Programs

The remuneration strategy at The Star Entertainment Group is designed to support a high performance culture, achieve superior performance and as a result, sustainable value for shareholders. The reward programs are designed to promote individual accountability and entrepreneurship in employees and are aligned to prudent risk taking and the Company's long term financial soundness.

To achieve these objectives, the key reward principles are shaped around:

- Being market competitive to attract and retain high performing individuals (refer section 4.1 – Fixed remuneration);
- Paying above market for superior performance outcomes that drive sustainable value for shareholders (refer section 4.2 – Variable (at risk) remuneration);
- Delivering a meaningful quantum of awards in equity to create alignment with shareholder interests and manage risk; and

- Linking remuneration components and outcomes to the achievement of the Group's strategic objectives.

Table 2 summarises the components of Executive KMP's Total Annual Reward (***TAR***) and their link to the strategic objectives of the Group. Additional details on these elements are included further on in this report as referenced.

Table 2: Components of Executive KMP's TAR Opportunity

Element	**Summary**	**Reference**
Total Annual Remuneration (TAR)	Total Annual Reward (***TAR***) is comprised of a fixed and a variable component. The variable component is a short term and a long term incentive plan. The Group balances the level of fixed versus variable remuneration informed by the market for talent, the views of shareholders and the need for effective reward mechanisms to connect short and long-term performance against the Group's strategic priorities. Total annual remuneration is targeted at the median of the relevant market with an opportunity to earn above median pay, up to the 75th percentile, where higher levels of performance are realised. Benchmark peer groups include comparable ASX-listed organisations, determined based on similar market capitalisation (range 70% to 160% of The Star Entertainment Group's market capitalisation) and appropriate gaming and entertainment peers).	Section 4.1 and 4.2
Fixed Remuneration	Fixed remuneration forms an integral component of the overall employee value proposition of the Group, designed to attract and retain the talented teams required to operate the business. These teams will be critical in delivering on our business plan to achieve excellence in guest service, build and operate world class properties, and create long term shareholder value. Annual pay reviews occur in August each year with remuneration changes effective from 1 September.	Section 4.1
Short Term Incentive Plan (STI)	The STI is designed to drive the execution of the business plan in the short and long term and aligns performance outcomes to shareholder value creation. STI performance targets are underpinned by the Group's strategic priorities that include: ○ Shareholder Value ○ World Class Properties ○ Guest Service Excellence (differentiated value proposition) ○ Talented Teams ○ Risk Management and Sustainability A financial gateway is in place to determine any payments under the STI and the overall size of the bonus pool. The size of the pool is moderated to consider non-financial performance relating to guest satisfaction and improvements to safety - TRIFR. Individual payments are performance based and assessed using a weighted balanced scorecard approach.[1]	Section 4.2, 4.3. and 4.4
Long Term Incentive Plan (LTI)	The LTI is principally designed to reward participants for their contributions towards achieving the Group's strategic priorities orientated around delivering long term sustainable shareholder value creation. Performance is measured against three criteria[2]: ○ Relative Total Shareholder Return (TSR) ○ Earnings per Share (EPS) ○ Return on Invested Capital (ROIC) These measures are aligned to shareholders' interests, business performance and returns on capital developments, and collectively drive the creation of sustainable shareholder value.	Section 4.2, 4.5 and 4.6

[1] *Refer Figure 2 and Table 5 for details of measures used to assess performance*
[2] *ROIC was introduced for all LTI awards from and including FY19*

4.1 Fixed remuneration

The fixed remuneration received by Executive KMP may include base salary, superannuation and non-monetary benefits. The amount of fixed remuneration an executive receives is based on the following:

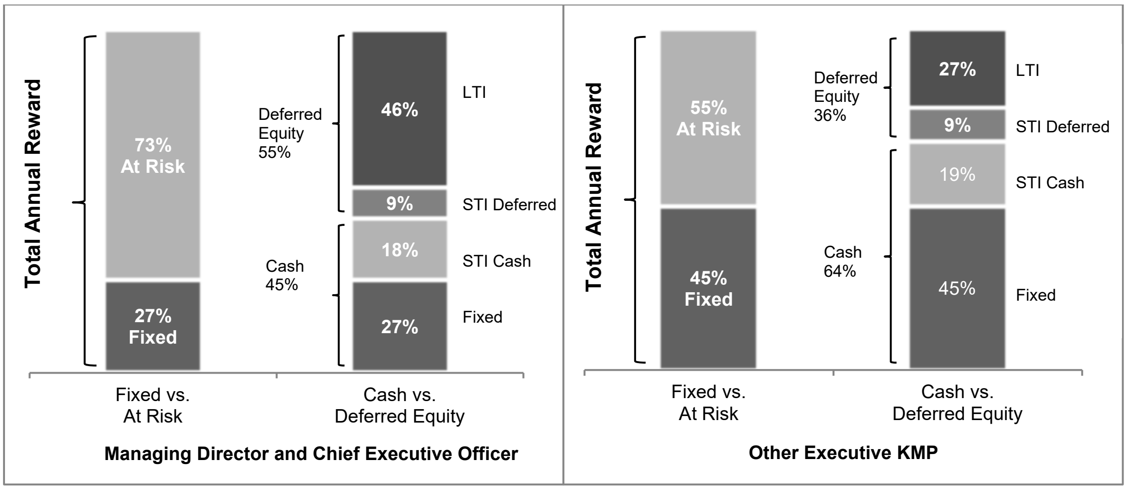
- Scope and responsibilities of the role;
- Reference to the level of remuneration paid to executives of comparable ASX-listed organisations, with similar market capitalisation (range 70% to 160% of The Star Entertainment Group's market capitalisation) and appropriate gaming and entertainment peers; and
- Level of international and domestic gaming knowledge, skills and experience of the individual.

Fixed remuneration is reviewed annually, and the policy is to target fixed remuneration at the median of the market. Fixed remuneration may deviate from the market median depending on the individual's capabilities and other business factors.

4.2 Variable (at risk) remuneration

Variable remuneration (comprising STI and LTI) accounts for the majority of the total remuneration mix for the Managing Director and Chief Executive Officer and other Executive KMP as illustrated in Figure 1 below.

Figure 1: Remuneration mix for FY20



4.3 Short Term Incentive Plan (STI)

The STI is designed to reward participants for execution of the Group's strategy and achievement of operational goals during the performance period.

Payments only accrue under the plan if the Group achieves its financial performance gateway, achieving a direct link between pay and performance (refer Figure 2).

The number of employees who participated in the STI for FY20 was 784 (decreased from 877 for FY19). Each of the Executive KMP participated in the plan.

Table 3 sets out the key features of the STI, all of which are consistent with the prior year

For FY21, the Remuneration Committee is reviewing the operation of the STI to determine whether the plan design, including gateway measures, remain appropriate and fit for purpose.

Table 3: Key design features of the STI

Purpose	To reward participants for execution of the Group's strategy and achievement of operational goals during the performance period.
Gateway	The minimum level of financial performance required before any incentives accrue under the STI is referred to as the gateway. The gateway hurdle is 95% of the budgeted Normalised[1] NPAT of the Group as approved by the Board. This gateway applies to all Executive KMP and other participants in the plan. The Board may use its discretion to make payments to reward for significant non-financial performance.
Pool size	The pool size is determined by the Board through an assessment of Group performance, including: 1. Financial performance (Normalised NPAT) 0% of target pool vests at below 95% of budgeted NPAT 50% of target pool vests at 95% of budgeted NPAT 100% of target pool vests at 100% of budgeted NPAT 150% of target pool vests at 110% of budgeted NPAT 2. Non-financial performance measures and strategic priorities (Guest Service and Safety).
Incentive opportunity levels	Opportunities are based on the participant's incentive target in their employment contract (refer Table 10). The payment range available is 0%-150% of the participant's incentive target.
Payment calculation	Individual performance is determined by using a weighted scorecard of measures (Table 4) to arrive at a performance rating. Performance ratings link to payment ranges as follows: 5 = Outstanding (125 – 150% of target) 4 = Exceeds (100 – 125% of target) 3 = Meets (75 – 100% of target) 2 = Meets some (0 – 75% of target) 1 = Did not meet (0% of target)

	A participant's individual STI award is based on the following calculation: Fixed Remuneration x Individual Target STI % x Group Performance Multiplier % (0-150%) x Individual Performance Multiplier % (0-150%) = Individual STI award (capped at 150% x target) Payments are capped at 150% of the participant's STI target. Where performance and/or behaviours have been deemed unsatisfactory, no incentives are awarded.
Delivery of payments (including deferrals)	Two-thirds of payments are delivered in cash in September. One-third of all payments are held in restricted shares for a period of twelve months from the date of the award. These shares are forfeited in the event that the participant voluntarily terminates from the Group or is terminated with cause (refer Clawback below). Participants are entitled to receive dividends and have voting rights during the restriction period, however they are unable to vote on remuneration resolutions at the AGM. To preserve cash following the impact of COVID-19, all of the STI award for FY20 will be delivered as deferred equity, subject to a one year retention restriction. This will also enhance the alignment with shareholder outcomes given the realised value of STI will be impacted more substantially by share price movements over time. To address any share price volatility over the allocation period in September 2020, a 10 day volume weighted average price (VWAP) up to the date of issue will be used to determine the number of shares to be allocated.
Clawback	Incentives may be clawed back where there has been a material misrepresentation of the financial outcomes on which the payment had been assessed and/or the participant's actions have been found to be fraudulent, dishonest or in breach of the Group's Code of Conduct (e.g. misconduct). This provision may extend up to the prior three financial years of STI payments.

[1] *Normalised results reflect the underlying performance of the business as they remove the inherent volatility of the International VIP Rebate business and exclude significant items that are considered by their nature and size unusual or not in the ordinary course of business. This methodology has been consistently applied since FY12.*

4.4 Reward Outcomes under STI

There were no changes to the FY20 STI plan design or performance measures in place.

Exercise of discretion

Based on a review of a number of factors (see details below), and taking into account the prudent and disciplined approach taken by the Board with respect to paying for performance (for example in FY17 and FY19, no awards were made as targets were not achieved), the Board resolved to exercise its discretion for the first time and approved a limited equity award under the STI plan for FY20, subject to a one year retention restriction from the date of the award.

Impact of COVID-19 on performance and a broad range of stakeholders

The Group was performing strongly against all key strategic and operational metrics in FY20 until the COVID-19 pandemic occurred, requiring the mandatory shutdown of operations in March 2020.

Pre-COVID-19, Normalised NPAT up to the end of February 2020 was 15.6% ahead of the pcp and 5% ahead of budget. Both Guest Satisfaction and Safety measures were at or above expectations. Following the impact of COVID-19, the Group's full year Normalised NPAT of $120.8 million was 46.0% below the prior year and 49.0% below target. Statutory NPAT was a loss of $94.6 million, down 147.8% on the prior year.

The COVID-19 pandemic also had a significant impact on a range of the Group's stakeholders, including the workforce, shareholders, guests and suppliers.

- Approximately 90% of team members were stood down in March 2020 when operations ceased. Spend on contractors was significantly curtailed with many projects put on hold.
- The impact on shareholders was significant, with a fall in share price of 31% as at 30 June 2020, compared to the prior year. The payment of the interim dividend was deferred, and no final dividend was declared.
- The shutdown of operations resulted in the closure of our venues to guests which had an impact on our suppliers.

The Star's response to COVID-19

The Group responded to protect team members and guests, as well as to protect the interests of the Company.

- To support team members, the Group immediately applied to participate in the Federal Government's JobKeeper payment scheme to deliver payments of up to $130 million to almost 7,000 team members (based on estimates up to and including 27 September 2020). For the period 1 April 2020 to 30 June 2020, approximately $64.8 million had been received with $55.2 million or 85% of that amount flowing to team members who were stood down or working reduced hours. The remaining $9.6 million or 15% was retained by the Group to contribute toward the payment of wages to team members who were stood up or working reduced hours (and earned above the minimum JobKeeper amount of $1,500 per fortnight).

- The Star provided up to two weeks of paid pandemic leave to team members who were stood down and allowed them access to statutory leave entitlements.
- The Star launched a support program for team members in financial distress and who did not have access to government subsidies, providing weekly or lump sum payments of up to $5,000.

To protect the Company and preserve liquidity, the Group engaged early with suppliers and financiers to negotiate the deferral of cash payments and secure short term funding over the crisis period. Covenant waivers were also received for existing borrowings. In addition, NEDs and executives accepted pay reductions of between 20%-50% for the fourth quarter of the financial year.

For guests and team members, the Group has taken all steps necessary to prepare the properties for re-opening, including developing and implementing a robust COVID-Safe Plan.

The interests of the Company were protected with significant initiatives, critical for future success and shareholder value creation, progressing without interruption. These initiatives included:

- Reaching agreement with the NSW Government on gaming taxes applicable to The Star Sydney, preserving The Star Sydney as the exclusive casino provider of electronic gaming machines in the two casino Sydney market until 30 June 2041 and other key issues
- Mutually agreeing with the Queensland Government to conclude the exclusive negotiation process in relation to a Global Tourism Hub on the Gold Coast and the Queensland Government ending the second Gold Coast casino licence process.
- Together with its joint venture partners, Destination Brisbane Consortium, The Star was successful in securing $1.6 billion in project-level debt funding for Queen's Wharf Brisbane.
- The Queen's Wharf Brisbane development continues to progress on time and on budget.
- Delivery of new organisation structure and projected cost savings program (as reported with 1HFY20 results).
- Delivery of the upgraded and expanded Sovereign premium gaming offering in Sydney.

STI outcome for FY20

As the financial gateway under the FY20 STI was not met, the Board undertook a rigorous process to ensure the exercise of discretion is in the best interests of the Company. This included considering ASIC guidelines, receiving external advice and reviewing extensive information on how the Group performed pre and post the COVID-19 pandemic.

The Board considered a range of factors, including the impact of COVID-19 on the Group's operations, team members, shareholders, guests and other stakeholders. Management's response to the pandemic, including the delivery of significant milestones critical for future success and shareholder value creation, in spite of the challenging environment, were considered. The Board also considered the aim of the STI, which is to reward participants for the achievement of the Group's strategy and operational goals, as well as to retain talent, particularly in an environment of increased competition (including in Sydney from 2021) and uncertainty.

Based on these factors, the Board has decided to create a limited STI pool, determined as a percentage of the on target STI amount, and assess individual performance against scorecard metrics and performance during the COVID-19 pandemic.

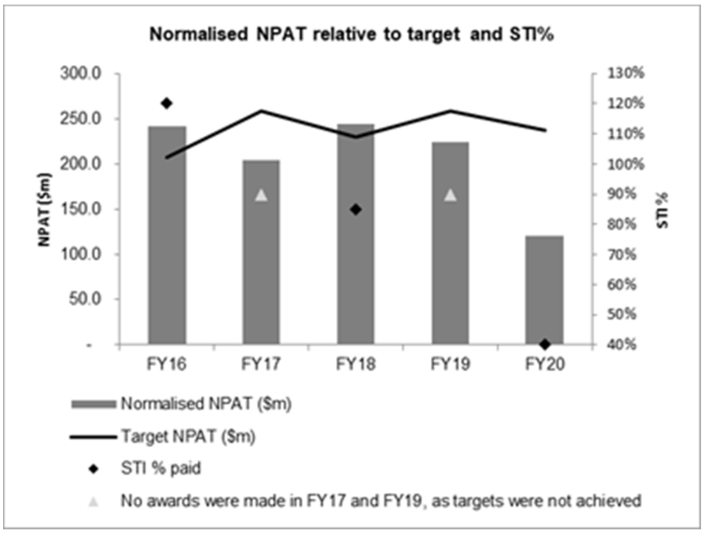
For the MD and CEO and Executive Committee, 40% of the STI on-target amount was approved (individual outcomes for Executive KMP are outlined in Table 1). For the remaining 776 STI participants (that include a large number of frontline managers), 60% of the on-target amount was approved.

STI payments compared to financial performance over last 5 years

As noted above, although the STI financial gateway was not achieved, the Board exercised its discretion for the first time to make limited awards under the STI for FY20. All of these awards will be delivered as deferred equity subject to a one year retention restriction. For the MD and CEO and Executive Committee, 40% of the STI on-target amount was approved.

Figure 2 shown below, illustrates how bonus payments made to the MD and CEO and Executive Committee under the STI, vary with the Group's historic financial performance and illustrates the limited discretionary award approved in FY20.

Figure 2: Normalised NPAT relative to target and percentage STI paid



Normalised NPAT

Normalised NPAT is used to determine whether any payments are made under the STI as it reflects the underlying performance of the business. The Normalised NPAT result removes the inherent win rate volatility associated with the International VIP Rebate business and excludes significant items that are considered by their nature and size unusual or not in the ordinary course of business. For FY20, significant items after tax of $112.2 million included costs relating to one-off COVID-19 related expenditure, provision for doubtful debts and impairment (see note A7 of Financial Statements for further detail).

When determining payments under the STI, the Board will examine the adjustments made to arrive at the Normalised NPAT result, to ensure they do not inappropriately impact remuneration outcomes. The adjustments did not result in the Group achieving its budgeted NPAT in FY20. The Board exercised discretion to make awards for FY20 as the gateway was not met.

Individual Performance (KPIs)

Under the STI, Executive KMP are required to complete weighted balanced scorecards, that comprise a mixture of financial and non-financial targets and strategic priorities.

Table 4.1 shows the weighting of the financial and non-financial targets, and strategic priorities.

Table 4.1 – Weighting of financial and non-financial targets for Executive KMP

Executive KMP	Financial Targets and Strategic Priorities	Non-Financial Targets (Guest Satisfaction, People Engagement and Safety and Risk Management)
Matt Bekier (*Managing Director and Chief Executive Officer*)	75%	25%
Harry Theodore (*Chief Financial Officer*)	75%	25%
Greg Hawkins (*Chief Casino Officer*)	75%	25%
Geoff Hogg (*Group Executive Operations*)	75%	25%
Chad Barton	N/A	N/A

As the financial performance gateway for FY20 was not achieved, individual performance was considered against scorecard metrics and performance during COVID-19, to determine how to allocate the 40% STI award for Executive KMP.

Table 4.2 shows individual key performance indicators and FY20 STI outcomes for each Executive KMP.

Table 4.2 – Individual key performance indicators and ratings for Executive KMP

Executive KMP	Role	Individual KPIs	STI outcome (% of target)
Matt Bekier	Managing Director and Chief Executive Officer	• Progress Queen's Wharf Brisbane, tender fit-out package to budget • Close out Gold Coast risks: finalise claims and negotiate exclusivity • Gain approvals in NSW: gaming tax agreement and The Ritz Carlton Tower • Embed new organisation structure and deliver savings from restructure • Improve staff engagement score by 10% • Consolidate customer offering, launch of the new Sovereign in Sydney, relaunch Loyalty Proposition, implement new Customer Relationship Management system	48%
Harry Theodore	Chief Financial Officer	• Secure funding for Queens Wharf Brisbane • Drive asset recycling program and demonstrably enhance investor confidence in asset light strategy • Deliver $20m of demonstrable non-labour cost savings • Lead negotiations on NSW gaming tax agreement to deliver 29% flat tax rate • Establish reporting and practices to maintain salaried staff numbers flat	48%
Greg Hawkins	Chief Casino Officer	• Maintain market leadership with full compliance in International VIP Rebate Business • Gain market share in Domestic Rebate Business • Deliver tangible gaming margin expansion in slots and tables • Deliver Angle RFID/Video tables • Deliver Customer Relationship Management project	32%
Geoff Hogg	Group Executive Operations	• Drive Employee Engagement and Productivity • Launch the new Sovereign in Sydney • Drive Table Games and VIP Operational alignment • Deliver next stage of Queen's Wharf Brisbane • Resolve 2nd Gold Coast casino risk	32%
Chad Barton	N/A	N/A	N/A

Group Performance

Table 5 shown below, provides a summary of performance against the strategic priorities of the Group for FY20 and key performance indicators for purposes of the STI. (*For further details on performance please refer to the Full Year 2020 Results Presentation lodged with the ASX on 20 August 2020*).

Table 5: FY20 Performance outcomes against strategic priorities and key performance indicators for the STI

Strategic Priorities	STI key performance indicator	Performance outcomes/ commentary	Overall Rating
Shareholder Value Creation (investments that drive visitation to increase earnings)	**FINANCIAL PERFORMANCE** • Deliver budgeted NPAT	• Results immediately prior to COVID-19 (i.e. up to end of February 2020), were on target and ahead of the PCP. Normalised Net Revenue was up 4.2% and Normalised NPAT was up 15.6%. This reflected the strong performance of the domestic business, especially in Queensland where market share was up overall. The international VIP business was broadly flat and diversification towards International Premium Mass continued. • The full year results for FY20 were significantly impacted by the shutdown of operations in March 2020. Normalised NPAT of $120.8 million was 46.0% below the prior year and 49.0% below target. Statutory NPAT was a loss of $94.6 million, down 147.8% on the prior year. An unusually low actual win rate in the international VIP Rebate business of 0.76% and significant items of $155.9 million (pre-tax) contributed to this. Significant items comprised costs relating to one-off COVID-19 related expenditure, provision for doubtful debts and impairment (see note A7 of Financial Statements for further detail). • Dividends – an interim dividend of 10.5 cents per share (fully franked) was declared on 19 February 2020 and payable on 1 April 2020. However, due to the impact of COVID-19, payment of the interim dividend was deferred and paid on 2 July 2020. In order to maintain a balance sheet that positions the Group for a post-COVID-19 recovery, no final dividend was declared (see note A6 of Financial Statements for further detail).	Pre-COVID above target Full year below target

Shareholder Value Creation (investments that drive visitation to increase earnings) cont.	**STRATEGIC AND CAPITAL REDEVELOPMENT PLANS** • Deliver capital works and key projects on time and on budget	• The Group achieved a series of key strategic milestones including progress with its capital development plans: ○ New Sovereign in Sydney opened with construction on time and on budget. Very positive initial response from Diamond and Platinum members ○ Construction at Queen's Wharf Brisbane and Dorsett Hotel and Residences unaffected by COVID-19 ○ Cessation of the process to create a second integrated resort on the Gold Coast with no requirement for additional capital expenditure; ○ Joint venture growth projects are proceeding to plan, including $1.6 billion in debt funding secured for Queen's Wharf Brisbane on terms agreed pre-COVID-19; and ○ Long term agreement to FY41 was concluded with the NSW Government, providing regulatory certainty over gaming taxes, casino exclusivity in relation to electronic gaming machines and other key issues;	Pre-COVID above target Full year above target
Differentiated value proposition / Guest Satisfaction	**GUEST SERVICE CULTURE** • Elevate the guest service culture and guest experience across all of our properties	• Guest satisfaction exceeded target pre-COVID-19 (Dec 19 to Feb 20) • From March to June guest feedback has been monitored by a Guest Experience specialist through our own channels i.e. web forms • *Table Two* initiative was implemented to help secure our key culinary talent and allow delivery of certain of our signature menu items to our guests	Pre-COVID above target Full year n/a
	LEADERSHIP IN LOYALTY • Achieve a leadership position in Loyalty and thereby drive earnings growth and market share in electronic gaming machines (EGM)	• EGM Market Share grew in Qld and was consistent with long-term trends for Sydney for the 8-month period ended 29 February 2020 compared to the pcp • During the shutdown period active engagement with our premium tier customers via our personal hosting executives was maintained	Pre-COVID on track Full year below target
People (Engagement and Safety)	**EMPLOYEE ENGAGEMENT** • Attract and retain talented teams through a compelling Employee Value Proposition and highly engaged team member environment	• The Group was ranked #2 in Australia (and #25 Globally), in the 2019 Refinitiv Diversity and Inclusion Index • Group is a Bronze Employer under the Australian Equality Index • To support team members, the Group immediately applied to participate in the Federal Government's JobKeeper payment scheme to deliver payments of up to $130 million to almost 7,000 team members (based on estimates up to and including 27 September 2020). For the period 1 April 2020 to 30 June 2020, approximately $64.8 million had been received with $55.2 million or 85% of that amount flowing to team members who were stood down or working reduced hours. The remaining $9.6 million or 15% was retained by the Group to contribute toward the payment of wages to team members who were stood up or working reduced hours (and earned above the minimum JobKeeper amount of $1,500 per fortnight). • The Group provided up to two weeks of paid discretionary pandemic leave to team members who were stood down and allowed them access to statutory leave entitlements. • The Group launched a support program for team members in financial distress and who did not have access to government subsidies, providing weekly or lump sum payments of up to $5,000.	Pre-COVID on track Full year on track
	SAFETY • Deliver a safe environment for all workers and guests while on any of our properties	• Prior to the shutdown of operations, the Group's FY20 Total Reportable Injury Frequency Rate (TRIFR) was in line with the limit set by the Board at the beginning of the year. • The COVID-Safe Plan was implemented, allowing team members and guests to return to the Sydney and Queensland properties, with access to masks, hand sanitisers and other necessary personal protective equipment (as required) • All properties are trading in the post-COVID-19 environment in alignment with relevant state Public Health Orders and submitted COVID-19 compliance plans	Pre-COVID on track Full year TRIFR result slightly above limit
Governance, risk and stakeholder management	**RISK, COMPLIANCE & SUSTAINABILITY** • Deliver sustainable business outcomes within a strong risk and compliance environment, underpinned by a strong governance framework.	• Long term agreement to FY41 was concluded with the NSW Government, providing regulatory certainty over gaming taxes, casino exclusivity in relation to electronic gaming machines and other key issues; • Cessation of the process to create a second integrated resort on the Gold Coast with no requirement for additional capital expenditure; • There were no material breaches or significant penalties imposed on the Group during FY20.	Pre-COVID on track Full year on track

4.5 Long Term Incentive Plan (LTI)

The LTI is principally designed to reward participants for their contributions towards achieving the Group's strategic priorities orientated around delivering long term sustainable shareholder value creation. There were no changes to the plan design or performance measures in place.

For FY20, there were 28 participants invited to participate in the plan (decreased from 29 participants for FY19). Each of the Executive KMP participates in the plan.

Table 6: Key design features of the LTI

Purpose	The LTI is principally designed to reward participants for their contributions towards achieving the Group's strategic priorities orientated around delivering long term sustainable shareholder value creation.
Type of Equity Award	Performance rights (zero exercise price options) are used for the LTI. No amount is payable on the grant of the performance rights or upon vesting of performance rights. If the performance rights vest, an equivalent number of fully paid ordinary shares will be automatically delivered to the holder. Upon vesting of the performance rights and subject to the holder remaining employed with the Company, the Company will deliver to the holder fully paid ordinary shares in the Company. The holder will receive full voting and dividend rights corresponding to the rights of all other holders of ordinary shares in the Company.
Determination of the number of rights	The number of performance rights allocated to a participant is based on their Target LTI award, divided by the Face Value of a Performance Right as shown in the following calculation: Target LTI ($) ÷ Face Value of a performance right = Number of performance rights allocated The Face Value reflects the face value of the share at the effective Grant Date with reference to the volume weighted average price (**VWAP**) of the Company's shares traded on the ASX on the 20 trading days prior to the Effective Grant Date. Details of annual grants to participants are set out in Table 9.
Dividend entitlements	Participants are not entitled to dividends until shares are allocated (based on vesting and meeting the relevant performance hurdles). At that time, dividends will either be paid by allocating dividend equalisation shares or by means of a cash equivalent payment, based on actual dividends paid to shareholders during the vesting period, the degree to which performance hurdles were met and the extent of vesting of the award.
Test Date and Vesting date	Performance rights are tested on the fourth anniversary of the Grant Dates and are not subject to retesting.
Cessation of employment, Change of Control and Clawback	All unvested performance rights lapse immediately upon cessation of employment with The Group. However, the Board has discretion in special circumstances to determine the number of performance rights retained and the terms applicable. Special circumstances include events such as retirement, redundancy, death and permanent disability. If a Change of Control Event occurs, or the Board determines in its absolute discretion that a Change of Control Event may occur, the Board will determine in its absolute discretion appropriate treatment regarding any awards. Unvested rights may be clawed back where there has been a material misrepresentation of the financial outcomes on which the award had been assessed and/or the participant's actions have been found to be fraudulent, dishonest or in breach of the Company's Code of Conduct (e.g. misconduct).
Vesting conditions (hurdles) and schedule	**TSR (33.3% of the award)** The Company's TSR ranking against the peer group of companies (relative TSR) is used as a performance hurdle, as it directly aligns the interests of participants with the interests of shareholders, which is to maximise its TSR compared with the TSR for peer companies. The table below sets out the vesting scale for TSR. The Company's TSR ranking, compared to its peer group, must be at least at the 50th percentile for any vesting to occur.

TSR Percentile Ranking	Percentage of awards vesting
Below the 50th Percentile	0% vesting
At the 50th percentile	50% vesting
Above the 50th and below the 75th percentile	Pro-rata between 50% (at 50th percentile) and 100% (at 75th percentile)
At or above the 75th percentile	100%

Vesting conditions (hurdles) and schedule cont.

EPS (33.3% of the award)

The EPS hurdle measures statutory earnings per ordinary share adjusted for the theoretical win rate in the VIP Rebate business. It drives a line of sight between shareholder value creation and management's financial performance.

The threshold hurdle is set by the Board by reference to market consensus. The target hurdle is set by the Board by reference to the Company's Board approved five-year business plan. While the Board may exercise certain discretions under the LTI, the Board will only consider exercising its discretion with respect to any applicable adjustments to thresholds and targets, at the time of testing for vesting purposes (refer to guiding principles below).

The table below sets out the percentage of the performance rights subject to the Company's EPS performance as at the Test Date.

EPS Performance	Percentage of awards vesting
Below threshold	0% vesting
At threshold	50% vesting
Between threshold and stretch	Pro-rata between threshold and stretch
Stretch target	100%

ROIC (33.4% of the award)

The ROIC hurdle measures statutory EBIT, adjusted for the theoretical win rate in the International VIP Rebate business, as a proportion of average Net Debt and average Shareholder Equity. That is:

$$\text{ROIC} = \frac{\text{EBIT adjusted for theoretical win rate in the International VIP Rebate business}}{\text{Average Net Debt + average Shareholder Equity}}$$

The ROIC hurdle measures the efficiency of earnings generated from capital investments made by the Group and seeks to create alignment of incentive programs in driving the execution of the Group's capital intensive strategy to build new assets and improve existing properties, with the aim of generating additional revenue and ultimately sustainable value for shareholders.

The threshold hurdle is set by the Board based on the Group's present ROIC levels, and the target hurdle is set with reference to the Group's five-year business plan.
While the Board may exercise certain discretions under the LTI, the Board will only consider exercising its discretion with respect to adjustments to thresholds and targets at the time of testing for vesting purposes and applying the guiding principles set out below.

The table below sets out the percentage of performance rights subject to the Company's ROIC performance as at the Test Date.

ROIC Performance	Percentage of awards vesting
Below threshold	0% vesting
At threshold	50% vesting
Between threshold and stretch	Pro-rata between threshold and stretch
Stretch target	100%

Impact of COVID-19

The impact of COVID-19 on the outcome of the FY17 LTI will be assessed at the time of testing in October 2020. The guiding principles communicated in FY19 and outlined below, will be applied to support a fair and reasonable outcome. Further updates on the outcomes will be provided ahead of the 2020 AGM.
Target setting for the FY21 awards will be deferred until such time as reliable performance hurdles can be determined using the methodology outlined above and to ensure participants are neither advantaged nor disadvantaged by matters outside of their control.

Disclosure of performance hurdles

The Company will disclose the EPS and ROIC targets on a retrospective basis to ensure that the Company's competitive position is not undermined. The increased competition in Sydney in early calendar year 2021 will introduce casino-based competition to The Star Sydney for the first time. This will impact the earnings of The Star Sydney and therefore the Group overall and as a result affect the targets and threshold amounts for the purposes of the LTI in the relevant years. The Board will continue to consider these and other factors when setting targets and evaluating outcomes under the LTI.

Guiding principles for adjustments to LTI measures	The Board has adopted a set of guiding principles when it considers adjustments to performance outcomes under the LTI. The process for adjustments and principles applied are outlined below: 1. **Nature and timing of adjustments -** adjustments, both positive and negative, will only be made to the performance/reward outcome (rather than the target) at the time of vesting 2. **Transparency -** the Company will provide a clear rationale and disclosure, for any adjustments made (for example, providing a reconciliation to statutory results), especially in cases where, prima facie, performance has not been achieved. Where possible, advance disclosure of events that may give rise to adjustments will be disclosed to ensure early communication to shareholders 3. **Material or significant events -** adjustments will only be made for events or items over the vesting period that have a material impact on the outcome. Adjustments will also only be made where it has an impact on the result of the award. Where possible, the item will be referenced back to the assumptions used in the business plan from which the target was set, to determine whether there has been a material deviation in the assumptions used and whether this was outside of management's control. For example, if there has been a change to accounting policies resulting in the EPS and/or ROIC targets being determined in a different way to how the outcome is determined at the time of vesting. 4. **Balance interests of shareholders and management -** adjustments will be made that balance the interests of shareholders and management, for example, if shareholders are experiencing poor results, then management should share in the burden, and vice versa (unless there are compelling reasons for this not being the case, in which event, details will be provided). 5. **Maintain plan integrity -** adjustments will be carefully considered to ensure they maintain the plan's integrity and purpose (i.e. to incentivise and reward management for undertaking transactions that deliver long-term sustainable shareholder value).

4.6 Vesting under the LTI

Since the Company's inception in 2011, there have been eight awards made under the LTI, with four awards tested and two vesting outcomes (FY14 and FY15 awards). Table 7 sets out the details of performance rights issued over the last five financial years.

Table 7: Details of performance rights issued to date

Detail	FY16 Award	FY17 Award	FY18 Award	FY19 Award	FY20 Award
Grant date	21 Sep 2015	5 Oct 2016	2 Oct 2017	3 Oct 2018	25 Sep 2019
Test date	21 Sep 2019	5 Oct 2020	2 Oct 2021	3 Oct 2022	25 Sep 2023
Vesting hurdle(s)	TSR & EPS	TSR & EPS	TSR, EPS & ROIC	TSR, EPS & ROIC	TSR, EPS & ROIC
Test result	All right lapsed	N/A	N/A	N/A	N/A

During FY20, the FY16 Award was tested and did not vest as performance hurdles were not met. The next test date will be in October 2020, for performance rights granted in FY17.

Performance rights relating to the FY16 award were tested in September 2019. The TSR performance of the Group was -3.098% (excluding the value of franking credits), with a percentile ranking of 14.93. As this was below the 75th percentile, none of the TSR component of the FY16 award vested. The EPS performance hurdle of 21.2 cents was below the target of 35.2 cents and accordingly none of the EPS component of the FY16 award vested.

The FY17 award, due to be tested on 5 October 2020, has EPS and TSR performance hurdles that each comprise 50% of the award outcome. Details of the performance outcomes relative to target and threshold amounts will be provided to shareholders ahead of the 2020 AGM and reported in the FY21 Remuneration Report.

Table 8 outlines the performance of the Group and shareholder returns over the last five financial years.

Table 8: Statutory key performance indicators

Performance metric	FY16	FY17	FY18	FY19	FY20
Statutory NPAT/(loss)	$194.4m	$264.4m	$148.1m	$198.0m	$(94.6)m
Statutory Basic EPS / (loss)	23.6c	32.0c	17.5c	21.6c	(10.3)c
Full year dividend (fully franked, cents per share)	13.0c	16.0c	20.5c	20.5c	10.5c
Share price at year end	$5.40	$5.05	$4.93	$4.12	$2.84
Increase/(decrease) in share price	+24%	(6%)	(2%)	(16%)	(31%)

Table 9 summarises the unvested performance rights held by Executive KMP as at 30 June 2020.

Table 9: Performance rights by award held by Executive KMP at 30 June 2020

Executive KMP	FY17 Award	FY18 Award	FY19 Award	FY20 Award	Total performance rights held
Matt Bekier	548,204	627,706	668,203	691,216	2,535,329
Chad Barton	51,572	52,080	24,529	-	128,181
Greg Hawkins	117,958	163,636	145,039	180,193	606,826
Geoff Hogg	54,064	82,500	74,952	93,118	304,634
Harry Theodore[i]	26,938	31,818	28,908	94,386	182,050
Total performance rights	**798,736**	**957,740**	**941,631**	**1,058,913**	**3,757,020**

[i]Performance rights in FY17, FY18 and FY19 awards reflect those granted prior to his appointment as CFO in FY20.

5. Executive KMP Contracts and Remuneration

Remuneration arrangements for Executive KMP are formalised in employment contracts. Table 10 sets out details of Executive KMP employment contracts, including remuneration.

Table 10: Executive KMP Employment Contracts

Contract Details	Matt Bekier Managing Director and Chief Executive Officer		Harry Theodore Chief Financial Officer[i]		Chad Barton Group Chief Financial Officer[i]		Greg Hawkins Chief Casino Officer		Geoff Hogg Group Executive Operations	
	FY19	**FY20**	**FY19**	**FY20**	**FY19**	**FY20**	**FY19**	**FY20**	**FY19**	**FY20**
Fixed remuneration	**$1,728,900**	**$1,728,900**	**N/A**	**$660,000**	**$789,631**	**N/A**	**$1,260,000**	**$1,260,000**	**$651,131**	**$651,131**
Superannuation	The Star Entertainment Group deducts superannuation from the Executive KMP's fixed remuneration as per the Australian Tax Office Superannuation Guarantee Cap.									
Short-term incentive target	**$1,728,900**	**$1,728,900**	**N/A**	**$396,000**	**$473,779**	**N/A**	**$756,000**	**$756,000**	**$390,679**	**$390,679**
Long-term incentive (annual award value)	**$2,900,000**	**$2,900,000**	**N/A**	**$396,000**	**$473,779**	**N/A**	**$756,000**	**$756,000**	**$390,679**	**$390,679**
Total Target Annual Reward	**$6,357,800**	**$6,357,800**	**N/A**	**$1,452,000**	**$1,737,189**	**N/A**	**$2,772,000**	**$2,772,000**	**$1,432,489**	**$1,432,489**
Non-monetary benefits	N/A		N/A		N/A		N/A		N/A	
Other benefits	N/A		N/A		N/A		N/A		N/A	
Notice by the Executive	12 months		9 months		6 months		9 months		6 months	
Notice by the Group	12 months		9 months		9 months		9 months		9 months	
Restraint [ii]	12 months		12 months		Notice period or 6 months following the notice of termination by the Group for any reason.		12 months		12 months	
Non solicitation	12 months		12 months		12 months		12 months		12 months	
Contract duration	Open ended		Open ended		Open ended		Open ended		Open ended	

(i) Mr Harry Theodore assumed the role of Chief Financial Officer, effective 1 September 2019 following Mr Chad Barton's decision to leave the business, effective 1 November 2019.

(ii) Exclusion from being engaged in any business or activity in Australia which competes with or is substantially similar to the business of The Star Entertainment Group.

6. Statutory Executive KMP Remuneration

Table 11 sets out Executive KMP remuneration as required by the Corporations Act and its regulations, including the relevant Australian Accounting Standard principles.

Table 11: Statutory Executive KMP Remuneration

Executive KMP	Financial year	Short-term			Long-term	Post-Employment	Charge for share based allocations		Termination payments	Total remuneration $	Performance related %
		Salary & fees (i) $	Cash Bonus $	Non-monetary benefits (iii) $	Accrued leave $	Superannuation (iv) $	Performance rights (v) $	Restricted shares (ii) $			
Matt Bekier	**2020**	**1,330,226**	**-**	**1,064**	**17,009**	**25,471**	**1,406,229**	**829,872**	**-**	**3,609,871**	**62%**
	2019	1,704,978	-	602	35,829	20,531	80,770	-	-	1,842,710	4%
Harry Theodore	**2020**	**430,559**	**-**	**1,064**	**7,575**	**17,502**	**100,465**	**190,080**	**-**	**747,245**	**39%**
	2019	N/A	-	N/A	N/A	N/A	N/A	-	-	N/A	N/A
Chad Barton	**2020**	**409,460**	**-**	**708**	**-**	**14,002**	**23,030**	**-**	**592,223**	**1,039,423**	**2%**
	2019	760,809	-	602	14,466	20,531	4,087	-	-	800,495	1%
Greg Hawkins	**2020**	**1,098,915**	**-**	**1,064**	**14,462**	**25,803**	**336,684**	**241,920**	**-**	**1,718,848**	**34%**
	2019	1,228,022	-	453	20,999	27,131	(11,396)	-	-	1,265,209	-
Geoff Hogg	**2020**	**518,655**	**-**	**1,058**	**7,474**	**21,003**	**170,152**	**125,017**	**-**	**843,359**	**35%**
	2019	622,194	-	3,488	13,564	20,531	5,677	-	-	665,454	1%
TOTAL FY20		**3,787,815**	**-**	**4,958**	**46,520**	**103,781**	**2,036,560**	**1,386,889**	**592,223**	**7,958,746**	
TOTAL FY19		**4,316,003**	**-**	**5,145**	**84,858**	**88,724**	**79,138**	**-**	**-**	**4,573,868**	

(i) Comprises salary, salary sacrificed benefits (including motor vehicle novated leases) and annual leave expense. During FY20, COVID adjustments to KMP salaries between 20-40% were applied from April to June 2020.
(ii) Represents the FY20 STI equity award delivered as restricted shares with a 12month holding lock subject to retention. For accounting purposes, the charge relating to the grant of restricted shares is recognised as a share based payment expense in the income statement over the vesting period. The amounts recognised in share based payments expense in FY20 in respect of FY18 and FY20 awards were: Matt Bekier $448,867, Harry Theodore $142,685, Greg Hawkins $130,210 and Geoff Hogg $75,950.
(iii) Comprises car parking, accommodation, airfares and travel costs where applicable.
(iv) Comprises superannuation contributions per Superannuation Guarantee legislation and salary sacrificed superannuation.
(v) Represents the fair value of share based payments expensed by The Star Entertainment Group in relation to LTI awards. The reduction in the expense in FY20 is due to the adjustment made under accounting standards to reflect the probability of vesting of the two performance hurdles (EPS and ROIC).

7. NED Remuneration

Remuneration Policy

- NEDs (excluding the Chairman) receive a Board fee and a Committee fee for their participation as Chair or member of each Committee.
- The Chairman receives an all-inclusive fee as Chairman of the Board and as an ex-officio member of all Board Committees.
- NEDs do not receive any performance or incentive payments and are not eligible to participate in any of the Group's reward programs. This policy aligns with the principle that NEDs act independently and impartially.
- Board fees are not paid to the Managing Director and Chief Executive Officer. Executive KMPs do not receive fees for directorships of any subsidiaries.

NED Fees

The aggregate fees payable to NEDs for their services as directors are limited to the maximum annual amount approved by shareholders, currently set at $2,500,000 including superannuation contributions.

The Board did not approve any increase to Committee fees in FY20 however, the Chairman and Non-Executive Directors accepted a 50% reduction in their fees for quarter four of FY20. There will be no fee changes for FY21.

Table 12 sets out the annual NED Board and Committee fee structure for FY20 (pre-COVID adjustments).

Table 12: Annual NED Fees (inclusive of superannuation)

	Board	Audit	Risk & Compliance	Remuneration	People, Culture & Social Responsibility	Investment & Capital Expenditure Review
Chair	$484,500	$35,000	$35,000	$35,000	$35,000	$35,000
Member	$163,200	$17,500	$17,500	$17,500	$17,500	$17,500

The Star Entertainment Group Limited remunerates NEDs for the full month of fees irrespective of their commencement date. Observer fees are paid where the NED appointment is subject to casino regulatory approvals being obtained. Observer fees are equivalent to applicable Board and Committee fees.

During FY20, NEDs accepted a 50% reduction fees in April to June 2020 following the impact of COVID-19 on the business.

Table 13 sets out total remuneration received by each NED.

Table 13: NED Remuneration

NED	Financial year	Board and Committee Fees $	Superannuation (i) $	Total (ii) $
John O'Neill AO	**2020**	**402,935**	**21,003**	**423,938**
	2019	463,969	20,531	484,500
Gerard Bradley	**2020**	**186,347**	**17,703**	**204,050**
	2019	212,968	20,232	233,200
Katie Lahey AM	**2020**	**186,347**	**17,703**	**204,050**
	2019	213,002	20,198	233,200
Sally Pitkin	**2020**	**186,347**	**17,703**	**204,050**
	2019	212,984	20,216	233,200
Richard Sheppard	**2020**	**186,347**	**17,703**	**204,050**
	2019	212,968	20,232	233,200
Zlatko Todorcevski	**2020**	**193,934**	**10,116**	**204,050**
	2019	212,968	20,232	233,200
Ben Heap	**2020**	**172,363**	**16,375**	**188,738**
	2019	196,986	18,714	215,700
TOTAL FY20	**2020**	**1,514,620**	**118,306**	**1,632,926**
TOTAL FY19	2019	1,725,845	140,355	1,866,200

(i) Comprises superannuation contributions per Superannuation Guarantee legislation and salary sacrificed superannuation.
(ii) During FY20, NEDs accepted a 50% reduction fees in April to June 2020 following the impact of COVID-19 on the business.

8. Other information

8.1. KMP shareholdings

To support the alignment of the interests of the Board and Executive KMPs with the interests of shareholders, the Group has minimum shareholding policies for KMP. There is also a separate minimum shareholding policy that applies to other executives who report directly to the Managing Director and Chief Executive Officer.

Minimum Shareholding Policy for NEDs

NEDs are required to progressively acquire shares over a three year period from the date of commencement of their unconditional appointment (within three years from the date of commencement of the policy (for existing directors). NEDs are to hold shares of equal value to their respective annual base fee applicable at the time of their unconditional appointment. Direct and indirect holdings will count towards the minimum shareholding target.

Minimum Shareholding Policy for Executive KMP

Executive KMP are required to progressively acquire shares over a five year period from the date of their appointment (for new Executive KMP), or within five years from the date of commencement of the policy (for existing Executive KMP).

The Managing Director and Chief Executive Officer is to hold a minimum number of shares which is of equal value to 150% of one year's salary at the time of his unconditional appointment. Other Executive KMP are to hold a minimum number of shares which is of equal value to 100% of one year's salary at the time of their unconditional appointment. Direct and indirect holdings in shares will count towards the minimum shareholding target. Unvested performance rights do not count towards minimum shareholding requirements.

Tables 14 and 15 show the number of shares and performance rights held by NEDs and Executive KMP respectively at the beginning and end of the financial year unless otherwise stated.

Table 14: Shares held by NEDs at 30 June 2020

NED	Balance at start of the year	Number acquired	Number divested	Balance at the end of the year
John O'Neill AO	**80,858**	52,942	-	**133,800**
Gerard Bradley	**50,000**	45,000	20,000	**75,000**
Katie Lahey AM	**36,907**	10,000	-	**46,907**
Sally Pitkin	**45,900**	-	-	**45,900**
Richard Sheppard	**150,000**	50,000	-	**200,000**
Zlatko Todorcevski	**70,000**	85,000	-	**155,000**
Ben Heap	**30,000**	10,000	-	**40,000**
Total ordinary shares	**463,665**	**252,942**	**20,000**	**696,607**

Table 15: Shares and performance rights held by Executive KMP at 30 June 2020

Executive KMP	Holding	Balance at start of the year	Acquired or granted as compensation(i)	Disposed of, lapsed or transferred during the year (ii)	Balance at the end of the year
Matt Bekier	Performance Rights	2,097,569	691,216	(253,456)	**2,535,329**
	Ordinary Shares	899,582	109,323	-	**1,008,905**
	Restricted Shares	106,738	2,585	(109,323)	**-**
Harry Theodore	Performance Rights	118,991	94,386	(31,327)	**182,050**
	Ordinary Shares	48,863	20,758	-	**69,621**
	Restricted Shares	19,112	462	(19,574)	**-**
Chad Barton	Performance Rights	320,954	-	(192,773)	**128,181**(iv)
	Ordinary Shares	93,416	31,532	(124,948)	**-**
	Restricted Shares	31,532	-	(31,532)	**-**
Greg Hawkins	Performance Rights	537,232	180,193	(110,599)	**606,826**
	Ordinary Shares	250,398	41,178	-	**291,576**
	Restricted Shares	34,285	830	(35,115)	**-**
Geoff Hogg	Performance Rights	262,207	93,118	(50,691)	**304,634**
	Ordinary Shares	231,625	25,665	-	**257,290**
	Restricted Shares (iii)	20,306	1,344	(20,785)	**865**

(i) Includes shares acquired under the Dividend Reinvestment Plan and transfers from restricted shares where the holding lock has been lifted. Excludes FY20 STI equity award as shares are issued in September 2020.
(ii) Restricted shares that are no longer subject to a holding lock are transferred into the ordinary shares category
(iii) Includes 865 ordinary shares acquired in FY20 through salary sacrifice under the General Employee Share Plan. The shares are subject to a holding lock of one year from acquisition dates. The holding lock will end in FY21
(iv) Following Mr Barton's departure, the Board resolved for a pro-rata number of unvested performance rights to remain on foot subject to the same performance testing criteria for each applicable grant.

Remuneration Report (audited)
For the year ended 30 June 2020

8.2. Loans and other transactions with KMP

There have been no loans or other transactions with KMP during the year.

8.3. Variable Remuneration

Table 16 shows the variable remuneration of Executive KMP under the STI and LTI during the period. Details of the number of performance rights granted, vested or lapsed during the period are also provided as required under the Corporations Act and its regulations, including the relevant Australian Accounting Standard principles.

Table 16: Variable Remuneration

		STI				LTI							
Executive	Financial year	Cash award $	Restricted share grant $	As a % of total remuneration	STI not achieved as a % of target (i)	Number of performance rights granted	Fair value of performance rights granted $	Average Fair value per right at grant date $	Grant date	Test date	As a % of total remuneration (ii)	Number of performance rights vested (iii)	Number of performance rights lapsed
Matt Bekier	**2020**	**-**	**829,872**	**23%**	**52%**	**691,216**	**2,529,851**	**3.66**	**3/10/2019**	**3/10/2023**	**39%**	**-**	**(253,456)**
	2019	-	-	0%	100%	668,203	2,516,898	3.77	3/10/2018	3/10/2022	4%	350,880	(1,232)
Harry Theodore	**2020**	**-**	**190,080**	**25%**	**52%**	**94,386**	**345,453**	**3.66**	**3/10/2019**	**3/10/2023**	**13%**	**-**	**-**
	2019	-	-	-	-	-	-	-	-	-	-	-	-
Chad Barton	**2020**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(192,773)**
	2019	-	-	0%	100%	90,895	342,371	3.77	3/10/2018	3/10/2022	1%	91,229	(320)
Greg Hawkins	**2020**	**-**	**241,920**	**14%**	**68%**	**180,193**	**659,506**	**3.66**	**3/10/2019**	**3/10/2023**	**20%**	**-**	**(110,599)**
	2019	-	-	0%	100%	145,039	546,314	3.77	3/10/2018	3/10/2022	-	168,422	(592)
Geoff Hogg	**2020**	**-**	**125,017**	**15%**	**68%**	**93,118**	**340,812**	**3.66**	**3/10/2019**	**3/10/2023**	**20%**	**-**	**(50,691)**
	2019	-	-	0%	100%	74,952	282,319	3.77	3/10/2018	3/10/2022	1%	70,176	(246)
TOTAL FY20		**-**	**1,386,889**			**1,058,913**	**3,875,622**					**-**	**(607,519)**
TOTAL FY19		**-**	**-**			979,089	3,687,902					680,707	(2,390)

(i) Maximum opportunity available is 150% of the executives' target incentive level.
(ii) Percentage calculation based on accounting LTI expense and total remuneration as reported in Table 11.
(iii) Performance rights granted in FY16 were tested in September 2019 and resulted in no performance rights vesting. Performance rights granted in FY17 are due for testing in October 2020.

THE STAR ENTERTAINMENT GROUP LIMITED

The Star Entertainment Group Limited

A.C.N. 149 629 023

ASX Code: SGR

and its controlled entities

Financial Report

for the year ended 30 June 2020

Consolidated income statement

For the year ended 30 June 2020

	Note	2020 $m	2019 $m
Revenue	A2	**1,487.0**	2,158.1
Other income	A3	**1.7**	11.5
Government taxes and levies	A3	**(377.3)**	(544.0)
Employment costs	A3	**(529.7)**	(704.9)
Depreciation, amortisation and impairment	A4	**(232.3)**	(205.8)
Cost of sales	A3	**(74.7)**	(95.0)
Property costs		**(64.9)**	(81.5)
Advertising and promotions		**(82.8)**	(107.3)
Other expenses	A3	**(192.1)**	(116.5)
Share of net loss of associate and joint venture entities accounted for using the equity method	D5	**(12.1)**	(0.6)
(Loss)/earnings before interest and income tax (LBIT/EBIT)		**(77.2)**	314.0
Net finance costs	A5	**(52.2)**	(35.3)
(Loss)/profit before income tax (LBT/PBT)		**(129.4)**	278.7
Income tax benefit/(expense)	F2	**34.8**	(80.7)
Net (loss)/profit after tax (NLAT/NPAT)		**(94.6)**	198.0
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss			
Change in fair value of cash flow hedges taken to equity, net of tax	F1	**9.2**	(5.4)
Total comprehensive (loss)/income for the period		**(85.4)**	192.6
Earnings per share:			
Basic earnings per share	F3	**(10.3) cents**	21.6 cents
Diluted earnings per share	F3	**(10.3) cents**	21.6 cents
Fully franked dividend per share	A6	**10.5 cents**	20.5 cents

The above consolidated income statement should be read in conjunction with the accompanying notes.

Consolidated balance sheet

For the year ended 30 June 2020

	Note	2020 $m	2019 $m
ASSETS			
Cash and cash equivalents	B1	**66.1**	114.3
Trade and other receivables	B2	**99.5**	235.5
Inventories		**16.4**	17.5
Income tax receivable	F2	**7.5**	-
Derivative financial instruments	B3	**65.8**	7.9
Asset held for sale	F13	**37.2**	-
Other assets	F4	**59.9**	52.0
Total current assets		**352.4**	427.2
Property, plant and equipment	B4	**2,837.0**	2,779.8
Intangible assets	B5	**1,853.1**	1,861.4
Derivative financial instruments	B3	**67.9**	82.7
Investment in associate and joint venture entities	D5	**525.1**	385.0
Other assets	F4	**40.4**	47.6
Total non current assets		**5,323.5**	5,156.5
TOTAL ASSETS		**5,675.9**	5,583.7
LIABILITIES			
Trade and other payables	F5	**324.0**	340.9
Interest bearing liabilities	B7	**162.9**	196.4
Income tax payable	F2	**-**	12.2
Provisions	F6	**70.9**	99.9
Derivative financial instruments	B3	**7.7**	5.6
Other liabilities	F7	**21.5**	18.8
Total current liabilities		**587.0**	673.8
Interest bearing liabilities	B7	**1,462.1**	965.9
Deferred tax liabilities	F2	**138.4**	170.7
Provisions	F6	**10.5**	16.9
Derivative financial instruments	B3	**7.0**	9.6
Other liabilities	F7	**5.9**	5.9
Total non current liabilities		**1,623.9**	1,169.0
TOTAL LIABILITIES		**2,210.9**	1,842.8
NET ASSETS		**3,465.0**	3,740.9
EQUITY			
Share capital	F9	**3,050.8**	3,063.0
Retained earnings		**410.8**	693.5
Reserves	F9	**3.4**	(15.6)
TOTAL EQUITY		**3,465.0**	3,740.9

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows
For the year ended 30 June 2020

	Note	2020 $m	2019 $m
Cash flows from operating activities			
Net cash receipts from customers (inclusive of GST)		**1,640.1**	2,162.7
Payments to suppliers and employees (inclusive of GST)		**(1,103.8)**	(1,158.8)
Payment of government levies, gaming taxes and GST		**(418.7)**	(525.1)
Interest received		**0.4**	0.4
Income taxes paid	F2	**(19.8)**	(67.8)
Receipt of government grants		**40.0**	-
Net cash inflow from operating activities	F10	**138.2**	411.4
Cash flows from investing activities			
Payments for property, plant, equipment and intangibles		**(240.3)**	(327.6)
Payments for investment in associate and joint venture entities		**(153.4)**	(105.4)
Dividends received from joint venture entities		**1.3**	-
Net cash outflow from investing activities		**(392.4)**	(433.0)
Cash flows from financing activities			
Proceeds from interest bearing liabilities	E2	**898.0**	546.0
Repayment of interest bearing liabilities	E2	**(516.0)**	(250.0)
Dividends paid	A6	**(91.7)**	(215.6)
Finance costs		**(62.7)**	(47.6)
Purchase of treasury shares	F8	**(12.2)**	(6.7)
Issuance fees on purchase of shares		**-**	(0.5)
Interest payment of lease liabilities		**(4.0)**	-
Principal payment of lease liabilities		**(5.4)**	-
Net cash inflow from financing activities		**206.0**	25.6
Net (decrease)/increase in cash and cash equivalents		**(48.2)**	4.0
Cash and cash equivalents at beginning of the year		**114.3**	110.3
Cash and cash equivalents at end of the year	B1	**66.1**	114.3

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the year ended 30 June 2020

	Note	Ordinary shares $m	Treasury shares $m	Retained earnings $m	Hedging reserve $m	Cost of hedging reserve $m	Share based payment reserve $m	Total $m
2020								
Balance at 1 July 2019		**3,069.7**	**(6.7)**	**693.5**	**(27.5)**	**4.9**	**7.0**	**3,740.9**
Loss for the year		**-**	**-**	**(94.6)**	**-**	**-**	**-**	**(94.6)**
Other comprehensive loss	F1	**-**	**-**	**-**	**10.9**	**(1.7)**	**-**	**9.2**
Total comprehensive income		**-**	**-**	**(94.6)**	**10.9**	**(1.7)**	**-**	**(85.4)**
Dividends paid	A6	**-**	**-**	**(91.7)**	**-**	**-**	**-**	**(91.7)**
Dividends declared but not yet paid		**-**	**-**	**(96.4)**	**-**	**-**	**-**	**(96.4)**
Purchase of treasury shares	F8	**-**	**(12.2)**	**-**	**-**	**-**	**-**	**(12.2)**
Employee share based payments	F11	**-**	**-**	**-**	**-**	**-**	**9.8**	**9.8**
Balance at 30 June 2020		**3,069.7**	**(18.9)**	**410.8**	**(16.6)**	**3.2**	**16.8**	**3,465.0**
2019								
Balance at 1 July 2018		3,070.2	-	718.3	(17.2)	-	10.2	3,781.5
Profit for the year		-	-	198.0	-	-	-	198.0
Other comprehensive income	F1	-	-	-	(4.2)	(1.2)	-	(5.4)
Total comprehensive income		-	-	198.0	(4.2)	(1.2)	-	192.6
Dividends paid	A6	-	-	(215.6)	-	-	-	(215.6)
Purchase of treasury shares	F8	-	(6.7)	-	-	-	-	(6.7)
Transition to AASB 9 Debtors provision opening adjustment		-	-	(7.2)	-	-	-	(7.2)
Transition to AASB 9 Cost of hedging reserve		-	-	-	(6.1)	6.1	-	-
Issuance fees		(0.5)	-	-	-	-	-	(0.5)
Employee share based payments	F11	-	-	-	-	-	(3.2)	(3.2)
Balance at 30 June 2019		3,069.7	(6.7)	693.5	(27.5)	4.9	7.0	3,740.9

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Notes to the financial statements
For the year ended 30 June 2020

Refer to the Operating and Financial Review (***OFR***) within the Directors' Report for details of the key transactions during the year.

Contents

Notes to the financial statements

For the year ended 30 June 2020

A Key income statement disclosures

A1 Segment information

The Group's operating segments have been determined based on the internal management reporting structure and the nature of products and services provided by the Group. They reflect the business level at which financial information is provided to the executive decision makers, being the Managing Director and Chief Executive Officer and the Chief Financial Officer, for decision making regarding resource allocation and performance assessment.

The Group has three reportable segments:

Sydney Comprises The Star Sydney's casino operations, including hotels, restaurants, bars and other entertainment facilities.

Gold Coast Comprises The Star Gold Coast's casino operations, including hotels, theatre, restaurants, bars and other entertainment facilities.

Brisbane Comprises Treasury's casino operations, including hotel, restaurants and bars.

	Sydney		Gold Coast		Brisbane		Group	
	Feb YTD	Total	Feb YTD	Total	Feb YTD	Total	Total Feb YTD	Total
2020	$m	$m	$m	$m	$m	$m	$m	$m
Gross revenues - VIP [a] [b]	**225.6**	**261.6**	**12.4**	**23.6**	**2.0**	**-**	**240.0**	**285.2**
Gross revenues - domestic [a] [b]	**825.4**	**907.9**	**284.5**	**304.2**	**236.2**	**251.6**	**1,346.1**	**1,463.7**
Segment revenue	**1,051.0**	**1,169.5**	**296.9**	**327.8**	**238.2**	**251.6**	**1,586.1**	**1,748.9**
Segment earnings before interest, tax, depreciation, amortisation and significant items	**246.9**	**284.1**	**(46.5)**	**(53.9)**	**63.4**	**51.8**	**263.8**	**282.0**
Depreciation and amortisation (refer to note A4)	**78.7**	**117.5**	**38.8**	**59.7**	**18.2**	**27.8**	**135.7**	**205.0**
Capital expenditure	**149.8**	**201.4**	**21.8**	**31.3**	**14.6**	**19.1**	**186.2**	**251.8**
2019								
Gross revenues - VIP [a]	192.1	364.5	205.9	213.8	5.6	7.7	403.6	586.0
Gross revenues - domestic [a]	819.1	1,203.3	265.0	384.4	229.5	340.3	1,313.6	1,928.0
Segment revenue	1,011.2	1,567.8	470.9	598.2	235.1	348.0	1,717.2	2,514.0
Segment earnings before interest, tax, depreciation, amortisation and significant items	203.4	307.6	137.2	148.2	65.1	97.0	405.7	552.8
Depreciation and amortisation (refer to note A4)	84.7	123.6	34.9	54.9	18.9	27.3	138.5	205.8
Capital expenditure	138.8	238.4	49.9	69.9	17.3	25.6	206.0	333.9

[a] Government COVID-19 related restrictions greatly impacted the operations of the business from March 2020, including rolling international border closures, closure of the properties on 23 March 2020, a series of heavily restricted operating conditions and staged re-openings. Accordingly, the segment results have been presented for both February 2020 year to date (YTD) (representing the last month of operations without significant government restrictions) and total year. The 2019 table has been updated to include February 2019 YTD results, to allow for comparison with the current year.

[b] Total gross revenue is presented as the gross gaming win before player rebates and promotional allowances of $261.9 million (2019: $355.9 million).

Notes to the financial statements

For the year ended 30 June 2020

Reconciliation of reportable segment profit to profit before income tax

	2020 $m	2019 $m
Segment earnings before interest, tax, depreciation, amortisation and significant items	**282.0**	552.8
Depreciation and amortisation (refer to note A4)	**(205.0)**	(205.8)
Significant items (refer to note A7)	**(155.9)**	(32.4)
Unallocated items:		
- net finance costs before significant items (refer to note A5)	**(48.4)**	(35.3)
- share of net loss of associate and joint venture entities using the equity method before significant items (refer to note D5)	**(2.1)**	(0.6)
(Loss)/profit before income tax (LBT/PBT)	**(129.4)**	278.7

A2 Revenue

	2020 $m	2019 $m
Domestic gaming	**1,011.0**	1,342.4
International VIP Rebate business	**47.4**	255.9
Non-gaming	**418.4**	548.8
Other	**10.2**	11.0
Total revenue	**1,487.0**	2,158.1

Revenue is down $671.1 million or 31.1% on the prior comparable period (*pcp*) due to an unusually low win rate in the International VIP Rebate business coupled with the impact of COVID-19. These impacts include rolling international border closures, closure of the properties on 23 March 2020, a series of heavily restricted operating conditions and staged re-openings.

Revenue

Revenue is recognised when the Group satisfies its obligations in relation to the provision of goods and services to its customers in the ordinary course of business. Revenue is measured at an amount that reflects the consideration to which the Group expects to be entitled in exchange for performing these obligations, including any discounts, rebates, price concessions, incentives or performance bonuses. Revenue is constrained such that the significant reversal of revenue in a future period is not highly probable. Revenue comprises net gaming win, less player and gaming promoter rebates and promotional allowances, as well as other non-gaming revenue from hotels, restaurants and bars.

Customer loyalty programs

The Group operates customer loyalty programs enabling customers to accumulate award credits for on-property spend. A portion of the spend, equal to the fair value of the award credits earned and reduced for expected breakage, is treated as deferred revenue (refer to note F7). Revenue from the award credits is recognised in the income statement when the award is redeemed or expires. The stand alone selling price of complimentary services (including hotel room nights, food and beverage, and other services) that are provided to casino guests as incentives related to gaming play are recorded as revenues related to the respective goods or services, as they are provided to the patron. The residual amount is recorded as gaming revenue.

A3 Other income and expenses

Profit before income tax is stated after charging the following expenses and significant items:

Other income	2020 $m	2019 $m
Net foreign exchange gain	**0.9**	0.9
Gain on disposal of assets [a]	**0.8**	10.6
	1.7	11.5

[a] Balance in 2019 includes $9.7 million gain on disposal of Gold Coast land (refer to note A7).

Notes to the financial statements

For the year ended 30 June 2020

	2020 $m	2019 $m
Government taxes and levies (including gaming GST):		
New South Wales [b]	**247.0**	360.0
Queensland [b]	**130.3**	184.0
	377.3	544.0

[b] The significant reduction in gaming taxes and levies is due to closure of gaming operations from 23 March 2020. Reduced capacity gaming operations recommenced in New South Wales on 1 June 2020 and in Queensland on 3 July 2020, subsequent to year end.

	2020 $m	2019 $m
Employment costs:		
Salaries, wages, bonuses, redundancies and other benefits [c]	**482.2**	652.7
Defined contribution plan expense (superannuation guarantee charges)	**38.5**	50.1
Share based payment expense (refer to note F11)	**9.0**	2.1
	529.7	704.9

[c] Salaries and wages have reduced significantly due to the temporary stand down of over 90% of employees as a result of business closures on 23 March 2020 following COVID-19 Federal and State Government directives. This amount is net of $64.8 million of financial support provided by the Federal Government under the JobKeeper wage subsidy scheme. Reduced capacity re-openings in June saw 58% of employees return to work. As a result of the JobKeeper subsidy, the Group has received a $9.6 million benefit towards salaries and wages expenses, for employees who have been stood up or are working reduced hours.

	2020 $m	2019 $m
Cost of inventories recognised as an expense during the year	**74.7**	95.0
Impairment of trade receivables (refer to note B2)	**97.3**	5.5
Operating lease charges [d]	**-**	11.1
Significant items (refer to note A7)	**155.9**	32.4

[d] AASB 16 is effective in FY2020 for the first time. Refer to note A8 for further information around lease related expenditure.

A4 Depreciation, amortisation and impairment

	2020 $m	2019 $m
Property, plant and equipment (refer to note B4) [a]	**171.5**	172.3
Intangible assets (refer to note B5)	**31.5**	32.3
Other	**2.0**	1.2
Total depreciation and amortisation	**205.0**	205.8
Impairment - Property, plant and equipment	**22.1**	-
Impairment - Intangibles	**1.4**	-
Impairment - Other	**3.8**	-
Total impairment	**27.3**	-
Total depreciation, amortisation and impairment	**232.3**	205.8

[a] Includes $8.1 million (2019: nil) depreciation expense of right-of-use assets (refer to note A8).

Depreciation is calculated using a straight line method. The useful lives over which the assets are depreciated are as follows (for further details of the useful lives of intangible assets refer to note B5):

Freehold and leasehold buildings	10 - 95 years
Leasehold improvements	4 - 75 years
Plant and equipment	5 - 20 years
Software	3 - 10 years
Licences	Until expiry

Operating equipment (which includes uniforms, casino chips, kitchen utensils, crockery, cutlery and linen) is recognised as a depreciation expense based on usage. The period of usage depends on the nature of the operating equipment.

Right of use assets, which includes plant, equipment and property, is depreciated on a straight line basis over the shorter of its estimated useful life and the lease term. The Group's lease portfolio includes assets with lease terms between 1 and 75 years.

The residual values and useful lives are reviewed annually, and adjusted if appropriate, at each financial reporting date.

Notes to the financial statements
For the year ended 30 June 2020

A5 Net finance costs

	2020 $m	2019 $m
Interest paid on borrowings	**46.4**	44.0
Capitalised to property, plant and equipment [a]	**(9.9)**	(7.1)
Borrowing costs	**15.3**	4.7
US Private Placement premium unwind	**(5.6)**	(5.3)
Fair value hedging adjustment	**2.4**	(0.6)
Interest income	**(0.4)**	(0.4)
Leases interest	**4.0**	-
Net finance costs recognised in the income statement [b]	**52.2**	35.3

a Borrowing costs of $9.9 million (2019: $7.1 million) were capitalised during the year and are included in 'Additions' in note B4. The capitalisation rate of 4.4% was equal to the Group's weighted average cost of borrowings applicable to the Group's outstanding borrowings during the year.

b Net finance costs include $3.8 million of finance costs associated with COVID-19 affected loan facilities (refer to note A7).

Net finance costs of $52.2 million were up 47.9% on the pcp due to increased underlying borrowings, expensing of unamortised borrowing costs related to the refinanced bank facilities in July 2019, fluctuations in the fair value of hedging and incremental costs associated with COVID-19 affected loan facilities.

A6 Dividends

	2020 Cents per share	2019 Cents per share
Dividends per share		
Interim dividend	**10.5** [b]	10.5
Final dividend	**-** [c]	10.0 [a]
Total dividend	**10.5**	20.5

In order to maintain a balance sheet that positions the Group for a post COVID-19 recovery, no final dividend was declared. In accordance with agreed terms associated with the waiver of covenants at 30 June 2020 from debt providers, no further cash dividends will be paid until gearing, which represents the ratio of net debt to 12 month trailing statutory EBITDA, is below 2.5 times.

	2020 $m	2019 $m
Dividends declared and paid during the year on ordinary shares		
Final dividend paid during the year in respect of the year ended 30 June [a]	**91.7**	119.2
Interim dividend paid during the year in respect of the half year ended 31 December [b]	**-**	96.4
	91.7	215.6

a A final dividend of 10.0 cents per share fully franked for the year ended 30 June 2019 (30 June 2018: 13.0 cents) was declared on 15 August 2019 and paid on 26 September 2019 (2018: declared on 23 August 2018 and paid on 4 October 2018).

b An interim dividend of 10.5 cents per share fully franked for the half year ended 31 December 2019 (31 December 2018: 10.5 cents) was declared on 19 February 2020 and paid on 2 July 2020 (2019: declared on 20 February 2019 and paid on 3 April 2019). Dividend payment was deferred from the original payment date of 1 April 2020 due to the exceptional circumstances associated with COVID-19 requiring the closure of the properties, and a revised Dividend Reinvestment Plan (DRP) which was fully underwritten by Credit Suisse Equities (Australia) Limited. On 2 July 2020, subsequent to year end, the Group issued 30,730,998 new shares to settle the interim dividend (refer to note C3). Existing shareholders who elected to participate in the DRP received 6,849,977 new shares. In accordance with the underwriting agreement, Credit Suisse Equities (Australia) Limited received 23,881,021 new shares in exchange for $75.1 million cash to fund the dividend cash payment.

Notes to the financial statements
For the year ended 30 June 2020

	2020 $m	2019 $m
Dividends declared after balance date		
Final dividend declared during the year ended 30 June [c]	-	91.7

c No final dividend was declared for the year ended 30 June 2020 (2019: 10.0 cents per ordinary share, fully franked).

	2020 $m	2019 $m
Franking credit balance		
Amount of franking credits available to shareholders	**121.6**	146.9

A7 Significant items

Profit before income tax (PBT) is stated after charging the following significant items:

	2020 $m	2019 $m
One-off COVID-19 related expenditure [a]	**32.3**	-
Provision for doubtful debts [b]	**84.1**	-
Impairment [c]	**39.5**	-
Gain on disposal of land [d]	-	(9.7)
Restructuring and redundancy costs [e]	-	42.1
Net significant items	**155.9**	32.4
Tax on significant items	**(43.7)**	(14.0)
Significant items net of tax	**112.2**	18.4

a Incremental, one-off COVID-19 related expenditure including payments to employees for pandemic leave, support payments for employees experiencing sudden and severe financial hardship, finance costs associated with COVID-19 affected loan facilities, abandoned capital projects, perishable food and beverage supplies expired during closure of the properties and other costs associated with COVID-19 restricted operating conditions. This amount is net of $7.8 million of financial support provided by the Federal Government under the JobKeeper wage subsidy scheme. The full amount received was $64.8 million (refer note A3).

b Incremental impact to the Group's expected credit loss model as a result of the COVID-19 pandemic, government imposed restrictions, international travel bans and other economic conditions (refer note B2).

c One-off impairment expense for write-down to fair value of assets held for sale, equity accounted share of impairment loss for the Group's interest in the Sheraton Grand Mirage Resort, Gold Coast, consumables upgrade costs in Sydney and costs associated with cessation of the Gold Coast and Tropical North (Cairns) Global Tourism Hubs processes and the rejected Sydney Ritz-Carlton Tower development proposal.

d Gain on disposal of Gold Coast land to the Destination Gold Coast Consortium joint venture for construction of the first residential, hotel and retail tower.

e Restructuring and redundancy costs relating to Group reorganisation.

Significant items are determined by management based on their nature and size. They are items of income or expense which are, either individually or in aggregate, material to the Group or to the relevant business segment and:

- not in the ordinary course of business (for example, the cost of significant reorganisations or restructuring); or
- part of the ordinary activities of the business but unusual due to their size and nature (for example, impairment of assets).

A8 Leases

The following amounts relating to AASB16 leases are recognised in the income statement:

	2020 $m
Depreciation expense of right-of-use assets	**8.1**
Interest expense on lease liabilities	**4.0**
Expense relating to short-term leases	**-**
Expense relating to leases of low-value assets	**-**
Total	**12.1**

Notes to the financial statements

For the year ended 30 June 2020

B Key balance sheet disclosures
Assets

B1 Cash and cash equivalents

	2020 $m	2019 $m
Cash on hand and in banks	**64.1**	104.3
Short term deposits, maturing within 30 days	**2.0**	10.0
	66.1	114.3

B2 Trade and other receivables

	2020 $m	2019 $m
Trade receivables	**157.3**	218.9
Less provision for impairment	**(103.6)**	(11.3)
Net trade receivables	**53.7**	207.6
Other receivables	**45.8**	27.9
	99.5	235.5

Past due not impaired receivables of $52.8 million were down $1.9 million from the pcp. Closure of the properties resulted in no new gaming receivables since late March. Collections against receivables have slowed due to closure of casinos and borders across the region and debtor liquidity constraints, resulting from COVID-19.

Outstanding debts continue to be pursued in full, however expected credit loss requirements have resulted in an increased level of provisions compared to pcp.

(i) Provision for impairment reconciliation

	2020 $m	2019 $m
Balance at beginning of year	**(11.3)**	(16.0)
Impairment of trade receivables [a]	**(97.3)**	(5.5)
Less amounts written off as uncollectible	**5.0**	20.5
Transition to AASB 9 opening adjustment	**-**	(10.3)
Balance at end of year	**(103.6)**	(11.3)

a These amounts are included in other expenses in the income statement (refer to note A3).

The estimates and assumptions associated with the Group's expected credit loss model were revised as a result of COVID-19. An additional $84.1 million provision has been recognised, reflecting the uncertainty around the duration for which restricted operating conditions will remain and when normal operations will recommence.

A large portion of debtors' businesses rely on the casino industry operating under normal conditions. Extended periods of border restrictions across the region place uncertainty on the collectability of those debts.

Trade receivables are non-interest bearing and are generally on 30 day terms.

Notes to the financial statements

For the year ended 30 June 2020

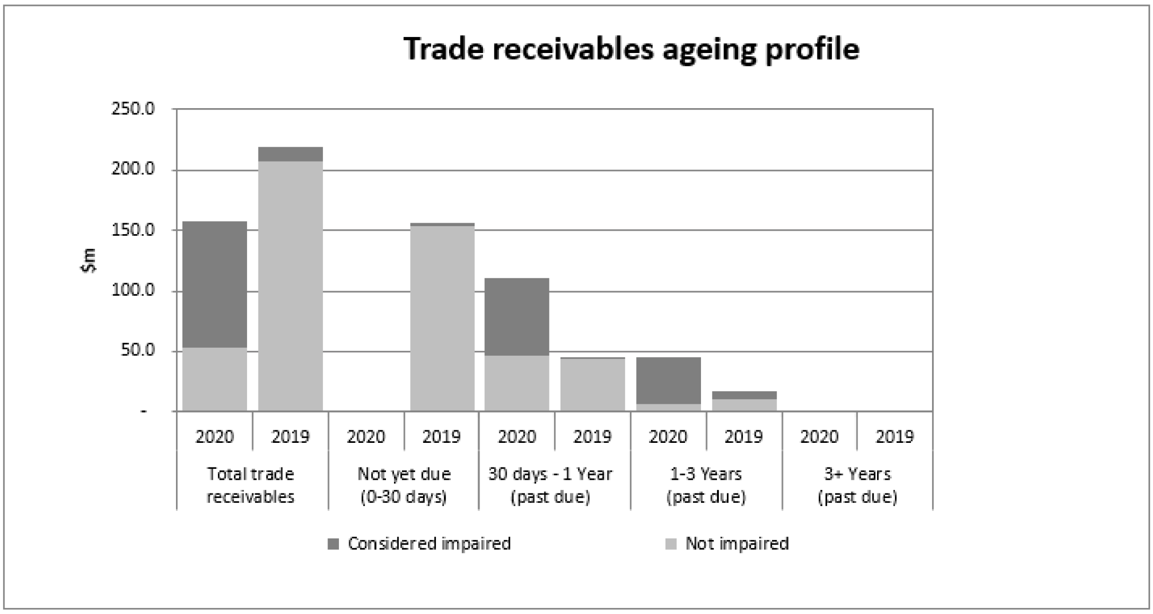
(ii) Ageing of trade and other receivables

Trade receivables	0 - 30 days $m	30 days - 1 year $m	1 - 3 years $m	Total $m
2020				
Not yet due	**0.9**	**-**	**-**	**0.9**
Past due not impaired	**-**	**46.7**	**6.1**	**52.8**
Considered impaired	**-**	**64.3**	**39.3**	**103.6**
	0.9	**111.0**	**45.4**	**157.3**
2019				
Not yet due	152.9	-	-	152.9
Past due not impaired	-	44.5	10.2	54.7
Considered impaired	2.8	1.3	7.2	11.3
	155.7	45.8	17.4	218.9

Other receivables

Other receivables are not past due or considered impaired. It is expected that these balances will be received as they fall due.

The chart below compares the ageing of trade receivables and amounts considered impaired as at 30 June 2020 and 30 June 2019 respectively.



Impairment of trade receivables

The Group impairment analysis is performed at each reporting date to measure expected credit losses. The provision reflects the probability-weighted outcome of reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Due to the unprecedented impact of the COVID-19 pandemic, government imposed restrictions, international border closures and other economic impacts, debtor balances have been individually assessed based on criteria, including: patron's financial circumstances; payment history; relationship with the casino; international gambling activity; and whether a legal claim has commenced to collect the balance.

The 2019 provision was calculated using a provision matrix, based on days past due for groupings of various customer semgents with similar loss patterns by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of insurance.

Notes to the financial statements

For the year ended 30 June 2020

B3 Derivative financial instruments

	2020 $m	2019 $m
Current assets		
Cross currency swaps	**65.8**	7.9
	65.8	7.9
Non current assets		
Cross currency swaps	**67.9**	82.7
	67.9	82.7
Current liabilities		
Interest rate swaps	**7.7**	5.6
	7.7	5.6
Non current liabilities		
Interest rate swaps	**7.0**	9.6
	7.0	9.6
Net financial assets	**119.0**	75.4

Net derivative assets up $43.6 million due to a decline in the AUD:USD exchange rate and Australian floating interest rate over the year.

Valuation of derivatives and other financial instruments

The valuation of derivatives and financial instruments is based on market conditions at the balance sheet date. The value of the instrument fluctuates on a daily basis and the actual amounts realised may differ materially from their value at the balance sheet date.

Refer to note E2 for additional financial instruments disclosure.

Notes to the financial statements

For the year ended 30 June 2020

B4 Property, plant and equipment

	Note	Freehold land $m	Freehold and leasehold buildings $m	Leasehold improvements $m	Plant and equipment $m	Right of use asset $m	Total $m
2020							
Cost							
Opening balance at beginning of the year		**77.0**	**2,529.9**	**293.2**	**1,215.1**	**-**	**4,115.2**
Additions		**-**	**159.9**	**4.0**	**62.3**	**4.1**	**230.3**
Disposals / write offs		**-**	**(2.8)**	**(0.2)**	**(16.7)**	**-**	**(19.7)**
Reclassification / transfer		**-**	**(10.4)**	**0.7**	**10.7**	**-**	**1.0**
Asset held for sale	F13	**-**	**-**	**-**	**(77.7)**	**-**	**(77.7)**
Adoption of AASB 16 Leases		**-**	**-**	**-**	**-**	**60.3**	**60.3**
Closing balance at end of the year [a]		**77.0**	**2,676.6**	**297.7**	**1,193.7**	**64.4**	**4,309.4**
Accumulated depreciation							
Opening balance at beginning of the year		**-**	**465.8**	**113.8**	**755.8**	**-**	**1,335.4**
Depreciation expense	A4	**-**	**64.5**	**9.7**	**89.2**	**8.1**	**171.5**
Disposals / transfers		**-**	**(2.8)**	**-**	**(13.3)**	**-**	**(16.1)**
Asset held for sale	F13	**-**	**-**	**-**	**(40.5)**	**-**	**(40.5)**
Impairments	A4	**-**	**6.6**	**-**	**15.5**	**-**	**22.1**
Closing balance at end of the year		**-**	**534.1**	**123.5**	**806.7**	**8.1**	**1,472.4**
Carrying Amount							
Opening balance at beginning of the year		**77.0**	**2,064.1**	**179.4**	**459.3**	**-**	**2,779.8**
Closing balance at end of the year		**77.0**	**2,142.5**	**174.2**	**387.0**	**56.3**	**2,837.0**
2019							
Cost							
Opening balance at beginning of the year		81.5	2,340.0	292.7	1,135.1	-	3,849.3
Additions		-	209.0	8.6	82.1	-	299.7
Disposals		(4.5)	(1.6)	(4.8)	(22.9)	-	(33.8)
Reclassification / transfer		-	(17.5)	(3.3)	20.8	-	-
Closing balance at end of the year		77.0	2,529.9	293.2	1,215.1	-	4,115.2
Accumulated depreciation							
Opening balance at beginning of the year		-	402.6	109.4	678.7	-	1,190.7
Depreciation expense	A4	-	64.0	9.2	99.1	-	172.3
Disposals / transfers		-	(0.8)	(4.8)	(22.0)	-	(27.6)
Closing balance at end of the year		-	465.8	113.8	755.8	-	1,335.4
Carrying Amount							
Opening balance at beginning of the year		81.5	1,937.4	183.3	456.4	-	2,658.6
Closing balance at end of the year		77.0	2,064.1	179.4	459.3	-	2,779.8

Notes to the financial statements

For the year ended 30 June 2020

	2020 $m	2019 $m
a Includes capital works in progress of:		
Buildings - at cost [b]	**264.9**	140.2
Leasehold improvements - at cost	**1.4**	6.9
Plant and equipment - at cost	**79.1**	46.5
Total capital works in progress	**345.4**	193.6

b Includes $246.2 million for the Sydney Sovereign which opened on 1 July 2020.

For details on capital activities refer to section 2.6 of the Directors' Report.

Property, plant and equipment is comprised of the following assets:

- Freehold land - Gold Coast property;
- Freehold and leasehold buildings - Brisbane, Gold Coast and Sydney properties;
- Leasehold improvements - Brisbane and Sydney properties; and
- Plant and equipment - operational and other equipment.

Asset useful lives and residual values

For the accounting policy on depreciation and useful lives of property, plant and equipment refer to note A4.

Capital works in progress

Major ongoing projects include the refurbishment for the Sydney Sovereign of $246.2 million and $3.3 million of refurbishment costs at the Gold Coast property. Minor refurbishment is also being undertaken at the Brisbane property.

Impairment

Refer to note B6 for details of the accounting policy and key assumptions included in the impairment calculation.

Notes to the financial statements
For the year ended 30 June 2020

B5 Intangible assets

	Note	Goodwill $m	Sydney and Brisbane casino licences $m	Sydney casino concessions $m	Software [a] $m	Other $m	Total $m
2020							
Cost							
Opening balance at beginning of the year		**1,442.2**	**294.7**	**100.0**	**262.7**	**20.1**	**2,119.7**
Additions		**-**	**-**	**-**	**25.7**	**-**	**25.7**
Disposals / write offs		**-**	**-**	**-**	**(2.0)**	**-**	**(2.0)**
Reclassification / transfer		**-**	**-**	**-**	**(1.1)**	**-**	**(1.1)**
Closing balance at end of the year [a]		**1,442.2**	**294.7**	**100.0**	**285.3**	**20.1**	**2,142.3**
Accumulated amortisation							
Opening balance at beginning of the year		**-**	**72.3**	**28.7**	**151.4**	**5.9**	**258.3**
Amortisation expense	A4	**-**	**3.2**	**1.7**	**26.2**	**0.4**	**31.5**
Disposals		**-**	**-**	**-**	**(2.0)**	**-**	**(2.0)**
Impairments		**-**	**-**	**-**	**1.4**	**-**	**1.4**
Closing balance at end of the year		**-**	**75.5**	**30.4**	**177.0**	**6.3**	**289.2**
Carrying Amount							
Opening balance at beginning of the year		**1,442.2**	**222.4**	**71.3**	**111.3**	**14.2**	**1,861.4**
Closing balance at end of the year		**1,442.2**	**219.2**	**69.6**	**108.3**	**13.8**	**1,853.1**
2019							
Cost							
Opening balance at beginning of the year		1,442.2	294.7	100.0	229.8	20.1	2,086.8
Additions		-	-	-	34.2	-	34.2
Disposals		-	-	-	(1.3)	-	(1.3)
Closing balance at end of the year		1,442.2	294.7	100.0	262.7	20.1	2,119.7
Accumulated amortisation							
Opening balance at beginning of the year		-	69.3	26.0	127.4	5.4	228.1
Amortisation expense	A4	-	3.0	2.7	26.1	0.5	32.3
Disposals		-	-	-	(1.3)	-	(1.3)
Reclassification / transfer		-	-	-	(0.8)	-	(0.8)
Closing balance at end of the year		-	72.3	28.7	151.4	5.9	258.3
Carrying Amount							
Opening balance at beginning of the year		1,442.2	225.4	74.0	102.4	14.7	1,858.7
Closing balance at end of the year		1,442.2	222.4	71.3	111.3	14.2	1,861.4

a Includes capital works in progress of $33.5 million (2019: $29.9 million).

Intangible asset additions relate predominantly to software as the Group progresses its strategic priority to maximise value from technology, including further enhancing gaming and loyalty experience and delivering new integrated IT platforms.

Asset useful lives and residual values
Intangible assets are amortised using the straight line method as follows:

- The Sydney casino licence is amortised from its date of issue until expiry in 2093.
- The Sydney casino concessions granted by the New South Wales government include product concessions in New South Wales which are amortised over the period of expected benefits.
- The Brisbane casino licence is amortised over the remaining life of the lease to which the licence is linked, which expires in 2070. The Group will continue to amortise the casino licence over its current term up until it is surrendered, following the expected opening of the Integrated Resort at Queen's Wharf Brisbane (***QWB***) in 2022.
- Software is amortised over useful lives of 3 to 10 years.

- Other assets include the contribution to the construction costs of the state government owned Gold Coast Convention and Exhibition Centre. The Group's Gold Coast casino is deriving future benefits from the contribution, which is being amortised over a period of 50 years.

Goodwill and impairment testing
Goodwill is assessed for impairment on an annual basis and is carried at cost less accumulated impairment losses. Refer to note B6 for the accounting policy on asset impairment and details of key assumptions included in the impairment testing calculation.

B6 Impairment testing and goodwill

Goodwill acquired through business combinations has been allocated to the applicable cash generating unit for impairment testing. Each cash generating unit represents a business operation of the Group.

Carrying amount of goodwill allocated to each cash generating unit

Cash generating unit (Reportable segment)	Sydney $m	Gold Coast $m	Brisbane $m	Total carrying amount $m
2020	1,013.5	165.5	263.2	1,442.2
2019	1,013.5	165.5	263.2	1,442.2

The recoverable amount of each of the three cash generating units at year end (Sydney, Gold Coast and Brisbane) is determined based on 'fair value less costs of disposal', which is calculated using the discounted cash flow approach. This approach utilises cash flow forecasts that represent a market participant's view of the future cash flows that would arise from operating and developing the Group's assets. These cash flows are principally based upon Board approved business plans for a five-year period, together with longer term projections and approved capital investment plans, extrapolated using an implied terminal growth rate of 2.5% (2019: 2.5%). These cash flows are then discounted using a relevant long term post-tax discount rate specific to each cash generating unit, ranging between 8.3% to 8.8% (2019: 8.3% to 8.8%). The pre-tax discount rates range between 10.7% to 11.7% (2019: 10.4% to 11.3%).

No impairment was recognised in any of the cash generating units at 30 June 2020 (2019: nil).

Key assumptions
The fair value measurement is valued using level 3 valuation techniques (refer to note E2(vi) for details of the levels). The key assumptions on which management based its cash flow projections when determining 'fair value less costs of disposal' are as follows:

i. Cash flow forecasts
The cash flow forecasts are based upon Board approved business plans for a five-year period, together with longer term projections, growth rates and approved capital investment plans for each cash generating unit.

COVID-19 has had a profound impact on Australian and international economies. A level of uncertainty previously unseen in the Group's history has resulted in increased difficulty in developing earnings forecasts. Consequently, the Group's impairment model, which historically relied on a 'most likely' cashflow forecast, will also include a range of different cashflow scenarios.

The range of scenarios prepared analysed the Group’s expected cashflows based on the time required for the broader Australian and international economy to recover to pre COVID-19 levels. The scenarios considered a short (1 year), medium (2 year) and long (4 year) term recovery and were weighted based on expected likelihood. The key variables affecting cashflows include:

- Short term: the duration for which restricted operating conditions imposed by the government will remain, including social distancing, maximum patrons, health and safety. Also, how international border control will impact visitation.
- Medium term: economic condition and recovery when all COVID-19 related restrictions are lifted, and how international border control will impact visitation.
- Long term: whether earnings recover to the same levels expected prior to COVID-19.

The worst case scenario assumed earnings gradually recover to the same forecasted levels expected prior to COVID-19 after four years (ie in FY2025). While this scenario materially reduced headroom, an impairment to the Group's cash generating units was not required. The likelihood of this scenario is considered remote.

ii. Terminal value
The terminal growth rate used is in line with the forecast long term underlying growth rate in the Consumer Price Index (***CPI***).

iii. Discount rates

Discount rates applied are based on the post tax weighted average cost of capital applicable to the relevant cash generating unit.

iv. Regulatory changes

Brisbane

Upon opening of the Integrated Resort in 2022, the existing Brisbane casino will cease to operate and the Group will act as the operator of the QWB casino.

The Group currently holds a perpetual casino licence in Brisbane that is attached to the lease of the current Brisbane site that expires in 2070. Upon opening of the QWB casino, the Group's casino licence will be surrendered and Destination Brisbane Consortium (***DBC***) will be granted a casino licence for 99 years including an exclusivity period of 25 years. The Group will surrender the Brisbane casino licence and some operational assets in exchange for the right to operate the new QWB casino.

The Group's assessment of the Brisbane cash generating unit's recoverable amount considered the two remaining years of existing operations and a terminal value based on either the exchange of assets for management rights over the new QWB casino or applying a terminal growth to the final year of operations. Neither model resulted in an impairment.

Gold Coast

The Queensland Government has ceased the process to create a Global Tourism Hub or second integrated resort on the Gold Coast and has confirmed it has no intention of reviving the market process for a new integrated resort. The Group continues to focus on delivery of its major investment projects in Queensland.

Sydney

The Star Sydney and the New South Wales Government reached an agreement which gives The Star regulatory certainty in the Sydney market for a 20 year period. This includes preserving The Star's exclusivity over electronic gaming machines in the current casino markets and flat rates of gaming tax as a percentage of revenue until the end of FY2041. The existing gaming tax arrangements apply in FY2021 and new arrangements commence in FY2022.

On 8 July 2014, Liquor and Gaming NSW issued a restricted gaming licence to Crown Resorts Limited (***Crown***) to operate a restricted gaming facility at Barangaroo South, Crown Sydney Hotel Resort (***Crown Sydney***). Crown Sydney will feature a hotel with approximately 349 rooms, 80 apartments, restaurants, bars, retail, and table gaming facilities. Crown Sydney's licence does not allow for the operation of electronic gaming machines. On 19 February 2020, Crown announced that they expect to progressively open Crown Sydney from December 2020 with a formal opening planned for early 2021. The expected impact of Crown Sydney has been taken into consideration in determining the recoverable amount of Sydney's cash generating unit at 30 June 2020. As further details of the final scope and timing of the proposed gaming facility become known, management will continue to consider the impact that this may have on the cash generating unit's carrying value.

v. Sensitivities

The key estimates and assumptions used to determine the 'fair value less costs of disposal' of a cash generating unit are based on management's current expectations after considering past experience, future investment plans and external information, and include the impact of the COVID-19 pandemic on the short, medium and long term earnings potential of the Group. They are considered to be reasonably achievable, however, significant changes in any of these key estimates, assumptions or regulatory environments may result in a cash generating unit's carrying value exceeding its recoverable value, requiring an impairment charge to be recognised.

For the Gold Coast, the recoverable amount remains sensitive to changes in the expected growth rate, including post recovery from the COVID-19 pandemic. A 12.2% reduction to this rate is a reasonably possible change that could give rise to a potential impairment.

For the Sydney property, the impact of Crown Sydney on the projected earnings and cash generating unit's carrying value has been assessed, taking into consideration the expected increase in competition as well as the expected increase in market size. A reasonably possible change in any of the assumptions used does not result in an impairment charge at 30 June 2020. However, management will continue to monitor the assumptions with regards to the expected impact of Crown Sydney on Sydney's carrying value.

Impairment of assets

Goodwill and indefinite life intangible assets are tested for impairment at least annually. Property, plant and equipment, other intangible assets and other non-financial assets are considered for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic entity, the viability of the unit itself.

Notes to the financial statements

For the year ended 30 June 2020

Liabilities

B7 Interest bearing liabilities

	2020 $m	2019 $m
Current		
Bank loans - unsecured (net of unamortised borrowing costs)	**-**	191.3
Private placement - US dollar - amortised cost	**155.9**	5.1
Lease liabilities	**7.0**	-
	162.9	196.4
Non current		
Bank loans - unsecured (net of unamortised borrowing costs)	**893.9**	322.6
Private placement - US dollar - amortised cost	**518.0**	643.3
Lease liabilities	**50.2**	-
	1,462.1	965.9

The Group successfully refinanced its bank facilities on 3 July 2019, with new bilateral bank facilities replacing all Syndicate Bank Facilities, which have been repaid and cancelled. The new facilities have maturities of between one and five years, with an average weighted maturity of 4.0 years. In addition, a new $200 million club facility was executed, to provide additional liquidity during the COVID-19 pandemic, if needed, and matures on 21 April 2021. The new bank facilities have a total limit of $1.4 billion (increased from $0.8 billion of bank facilities at 30 June 2019).

Net debt was $1,382.7 million, up 42.2% on the pcp with gearing levels increased to 8.9x at 30 June 2020 compared to 1.9x at 30 June 2019. The high gearing is impacted by COVID-19 related closures of properties which have a material negative impact on earnings in the period.

Refer to note F9 (iii) for Capital management disclosures and the calculation of the gearing ratio.

2020 Type	Facility amount $m USD	Facility amount $m AUD [a]	Unutilised at 30 June $m	Maturity date
Bank loans	-	200.0	200.0	April 2021
Bank loans	-	225.0	3.0	July 2022
Bank loans	-	905.0	304.0	July 2024
Bank loans	-	75.0	-	July 2025
Total bank loans	**-**	**1,405.0**	**507.0**	
USPP	105.0	98.1	-	June 2021
USPP	50.0	64.0	-	August 2025
USPP	288.4	369.4	-	August 2027
Total USPP	**443.4**	**531.5**	**-**	
Total	**443.4**	**1,936.5**	**507.0**	

Notes to the financial statements

For the year ended 30 June 2020

2019 Type	Facility amount $m USD	Facility amount $m AUD [a]	Unutilised at 30 June $m	Maturity date
Bank loans	-	250.0	58.0	July 2019
Bank loans	-	150.0	16.0	July 2020
Bank loans	-	100.0	-	July 2021
Bank loans	-	100.0	10.0	July 2022
Bank loans	-	200.0	200.0	July 2023
Total bank loans	-	800.0	284.0	
USPP	105.0	98.1	-	June 2021
USPP	50.0	64.0	-	August 2025
USPP	288.4	369.4	-	August 2027
Total USPP	443.4	531.5	-	
Total	443.4	1,331.5	284.0	

[a] USPP Notes are issued in USD and converted to AUD for presentation purposes.

Bank loans - unsecured (net of unamortised borrowing costs) & US Private Placement (USPP)

Bank loans and working capital facility

Interest on bank facilities is variable, linked to Bank Bill Swap Bid Rate (***BBSY***), plus a margin.

The Group has entered into interest rate swap agreements to hedge underlying debt obligations and allow $200 million of floating rate bank loans to be swapped to fixed rate borrowings. Further details about the Group's exposure to interest rate movements are provided in notes E1 and E2.

USPP

The $531.5 million (2019: $531.5 million) USPP borrowings are stated in the table above at the AUD amount repayable under cross currency swaps at maturity. Interest is a combination of fixed and variable, linked to BBSW (Bank Bill Swap Rate), and a defined gearing ratio at the end of certain test dates. The US$443.4 million (2019: US$443.4 million) translated at 30 June 2020 spot rate is AUD$665.1 million (2019: $632.3 million).

Fair value disclosures

Details of the fair value of the Group's interest bearing liabilities are set out in note E2.

Financial Risk Management

As a result of the USPP borrowings, the Group is exposed to foreign currency risk through the movements in USD/AUD exchange rate. The Group has entered into cross currency swaps in order to hedge this exposure. As at 30 June 2020, 100% of the USPP borrowings balance of US$443.4 million (2019: US$443.4 million) is hedged.

The Group is also exposed to the interest rate risk as a result of bank loans and the USPP borrowings. To hedge against this risk, the Group has entered into interest rate swaps. As at 30 June 2020, after taking into account the effect of interest rate swaps, approximately 30.0% (2019: 38.8%) of the Group's borrowings are hedged at a fixed rate of interest. Further details about the Group's exposure to interest rate and foreign currency movements are provided in notes E1 and E2.

Notes to the financial statements

For the year ended 30 June 2020

C Commitments, contingencies and subsequent events

C1 Commitments

(i) Other commitments [b]		
Not later than one year	**12.5**	116.2
Later than one year but not later than five years	**8.1**	-
Later than five years	**-**	-
	20.6	116.2

b Other commitments as at 30 June 2020 mainly include capital construction and related costs in connection with the Sydney redevelopment.

The Group has current capital commitments of approximately $0.9 billion in Destination Brisbane Consortium to fund construction of the Integrated Resort which is expected to open in late 2022 (subject to various approvals), $0.1 billion in Destination Gold Coast Consortium to fund the construction of the new residential and hotel tower on the Gold Coast and $0.04 billion in Destination Sydney Consortium to purchase a property asset in Sydney. The Group has $144.0 million of committed investments into associates and joint ventures, which fulfils the Group's remaining equity contributions. The remaining construction costs will be funded by project finance, which was fully committed at 30 June 2020.

Refer to note D5 for commitments in respect of investment in associate and joint venture entities.

C2 Contingent assets and liabilities

Legal challenges
There are outstanding legal actions between the Company and its controlled entities and third parties as at 30 June 2020. The Group has notified its insurance carrier of all relevant litigation and believes that any damages (other than exemplary damages) that may be awarded against the Group, in addition to its costs incurred in connection with the action, will be covered by its insurance policies where such policies are in place. Where there are no policies in place, provisions are made for known obligations where the existence of a liability is probable and can be reasonably quantified. As the outcomes of these actions remain uncertain, contingent liabilities exist for possible amounts eventually payable that are in excess of the amounts covered for by the insurance policies in place or of the amounts provided for.

Financial guarantees
Refer to note E1 for details of financial guarantees provided by the Group at the reporting date.

C3 Subsequent events

On 2 July 2020, the Group issued 30,730,998 new shares to settle the interim dividend (refer to note A6). Existing shareholders who elected to participate in the DRP received 6,849,977 new shares. In accordance with the underwriting agreement, Credit Suisse Equities (Australia) Limited received 23,881,021 new shares in exchange for $75.1 million cash to fund the dividend cash payment.

Other than those events disclosed in the Directors' Report or elsewhere in these financial statements, there have been no other significant events occurring after the balance sheet date and up to the date of this report, which may materially affect either the Group's operations or results of those operations or the Group's state of affairs.

Notes to the financial statements

For the year ended 30 June 2020

D Group structure

D1 Related party disclosures

(i) Parent entity

The ultimate parent entity within the Group is The Star Entertainment Group Limited.

(ii) Investments in controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities in accordance with the accounting policy described in note G. The financial years of all controlled entities are the same as that of the Company (unless stated otherwise below).

Name of controlled entity	Note	Country of incorporation	Equity type	Equity interest at 30 June 2020 %	Equity interest at 30 June 2019 %
Parent entity					
The Star Entertainment Group Limited		Australia	ordinary shares		
Controlled entities					
The Star Entertainment Sydney Holdings Limited	a b	Australia	ordinary shares	**100.0**	100.0
The Star Pty Limited	a b	Australia	ordinary shares	**100.0**	100.0
The Star Entertainment Pty Ltd	a	Australia	ordinary shares	**100.0**	100.0
The Star Entertainment Sydney Properties Pty Ltd	a b	Australia	ordinary shares	**100.0**	100.0
The Star Entertainment Sydney Apartments Pty Ltd	a	Australia	ordinary shares	**100.0**	100.0
Star City Investments Pty Limited	a	Australia	ordinary shares	**100.0**	100.0
Star City Share Plan Company Pty Ltd		Australia	ordinary shares	**100.0**	100.0
The Star Entertainment QLD Limited		Australia	ordinary shares	**100.0**	100.0
The Star Entertainment QLD Custodian Pty Ltd		Australia	ordinary shares	**100.0**	100.0
The Star Entertainment Gold Coast Trust		Australia	units	**100.0**	100.0
The Star Entertainment International No.1 Pty Ltd		Australia	ordinary shares	**100.0**	100.0
The Star Entertainment International No.2 Pty Ltd		Australia	ordinary shares	**100.0**	100.0
The Star Entertainment (Macau) Limited	c	Macau	ordinary shares	**100.0**	100.0
The Star Entertainment International No.3 Pty Ltd		Australia	ordinary shares	**100.0**	100.0
EEI Services (Hong Kong) Holdings Limited		Hong Kong	ordinary shares	**100.0**	100.0
EEI Services (Hong Kong) Limited		Hong Kong	ordinary shares	**100.0**	100.0
EEI C&C Services Pte Ltd		Singapore	ordinary shares	**100.0**	100.0
The Star Entertainment RTO Pty Ltd		Australia	ordinary shares	**100.0**	100.0
The Star Entertainment Finance Limited		Australia	ordinary shares	**100.0**	100.0
Destination Cairns Consortium Pty Limited		Australia	ordinary shares	**100.0**	100.0
The Star Entertainment Technology Services Pty Ltd		Australia	ordinary shares	**100.0**	100.0
The Star Entertainment Training Company Pty Ltd		Australia	ordinary shares	**100.0**	100.0
PPIT Pty Ltd		Australia	ordinary shares	**100.0**	100.0
The Star Entertainment International No.4 Pty Ltd		Australia	ordinary shares	**100.0**	100.0
The Star Entertainment Online Holdings Pty Ltd		Australia	ordinary shares	**100.0**	100.0
The Star Entertainment Online Pty Ltd		Australia	ordinary shares	**100.0**	100.0
The Star Entertainment Brisbane Holdings Pty Ltd		Australia	ordinary shares	**100.0**	100.0
The Star Entertainment Brisbane Operations Pty Ltd		Australia	ordinary shares	**100.0**	100.0
The Star Entertainment DBC Holdings Pty Ltd		Australia	ordinary shares	**100.0**	100.0
The Star Brisbane Car Park Holdings Pty Ltd		Australia	ordinary shares	**100.0**	100.0
The Star Entertainment Gold Coast Holdings Pty Ltd		Australia	ordinary shares	**100.0**	100.0
The Star Entertainment GC Investments Pty Ltd		Australia	ordinary shares	**100.0**	100.0
The Star Entertainment GC Investments No.1 Pty Ltd		Australia	ordinary shares	**100.0**	100.0
The Star Entertainment International No.5 Pty Ltd		Australia	ordinary shares	**100.0**	100.0
EEI Services Holdings No.1 Pty Ltd		Australia	ordinary shares	**100.0**	100.0
EEI Services Holdings No.2 Pty Ltd		Australia	ordinary shares	**100.0**	100.0
EEI Services (Macau) Limited		Macau	ordinary shares	**100.0**	100.0
The Star Entertainment International Tourism Pty Ltd		Australia	ordinary shares	**100.0**	100.0

Notes to the financial statements

For the year ended 30 June 2020

Name of controlled entity	Note	Country of incorporation	Equity type	Equity interest at 30 June 2020 %	Equity interest at 30 June 2019 %
Destination Sydney Consortium Pty Limited		Australia	ordinary shares	**100.0**	100.0
The Star Entertainment Pyrmont Investments No.1 Pty Ltd		Australia	ordinary shares	**100.0**	100.0
The Star Entertainment GC No.1 Pty Ltd		Australia	ordinary shares	**100.0**	100.0
The Star Entertainment GC No.2 Pty Ltd		Australia	ordinary shares	**100.0**	100.0
The Star Entertainment Group Limited Employee Share Trust		Australia	units	**0.0**	0.0

a These companies entered into a deed of cross guarantee with The Star Entertainment Sydney Holdings Limited on 31 May 2011, and as such are members of the closed group as defined in Australian Securities and Investments Commission Instrument 2016/785 (refer to note D3).

b These companies have provided a charge over their assets and undertakings as explained in note E1.

c This company's financial year end is 31 December.

(iii) Transactions with controlled entities

The Star Entertainment Group Limited

During the period, the Company entered into the following transactions with controlled entities:

- loans of $133.8 million were repaid by controlled entities (2019: the Company repaid loans of $46.5 million); and
- income tax and GST paid on behalf of controlled entities was $117.9 million (2019: $211.6 million).

The amount receivable by the Company from controlled entities at year end is $702.0 million (2019: $835.8 million). All the transactions were undertaken on normal commercial terms and conditions.

(iv) Transactions with other related parties

Other transactions

During the period, in addition to equity contributions (refer to note D5), the Group entered into the following transactions with related parties:

- Amount paid to Destination Brisbane Consortium Integrated Resort Holdings Pty Ltd was nil (2019: $0.1 million) relating to capital works;
- Amount recharged to Destination Gold Coast Consortium Pty Ltd was $0.5 million (2019: $1.9 million). There was no outstanding balance at 30 June 2020 (2019: $0.1 million); and
- Amount paid to Destination Gold Coast Consortium Pty Ltd was $7.8 million (2019: $3.4 million) relating to capital works.

Notes to the financial statements

For the year ended 30 June 2020

D2 Parent entity disclosures

The Star Entertainment Group Limited, the parent entity of the Group, was incorporated on 2 March 2011.

	2020 $m	2019 $m
Result of the parent entity		
(Loss)/profit for the year	**(12.4)**	158.5
Total comprehensive (loss)/income for the year [a]	**(12.4)**	158.5

a In order to maintain a balance sheet that positions the Group for a post COVID-19 recovery, no final dividend was declared for the year ended 30 June 2020 (2019: 10.0 cents per ordinary share, fully franked). In accordance with agreed terms associated with the waiver of covenants at 30 June 2020 from debt providers, no further cash dividends will be paid until gearing is below 2.5 times (refer to note A6).

	2020 $m	2019 $m
Financial position of the parent entity		
Current assets	**1,739.3**	1,865.8
Non current assets	**2,599.0**	2,590.3
Total assets	**4,338.3**	4,456.1
Current liabilities	**125.5**	34.5
Non current liabilities	**1,032.4**	1,034.0
Total liabilities	**1,157.9**	1,068.5
Net assets	**3,180.4**	3,387.6
Total equity of the parent entity		
Issued capital	**3,058.2**	3,069.7
Retained earnings	**110.7**	311.2
Shared based payments benefits reserve	**11.5**	6.7
Total equity	**3,180.4**	3,387.6

Contingent liabilities

There were no contingent liabilities for the parent entity at 30 June 2020 (2019: nil).

Capital expenditure

The parent entity does not have any capital expenditure commitments for the acquisition of property, plant and equipment contracted but not provided for at 30 June 2020 (2019: nil).

Guarantees

The Star Entertainment Group Limited has guaranteed the liabilities of The Star Entertainment Finance Limited and The Star Entertainment International No.3 Pty Ltd. As at 30 June 2020, the carrying amount included in current liabilities at 30 June 2020 was nil (2019: nil), and the maximum amount of these guarantees was $116.7 million (2019: $121.9 million) (refer to note E1). The Company has also undertaken to support its controlled entities when necessary to enable them to pay their debts as and when they fall due.

Accounting policy for investments in controlled entities

All investments are initially recognised at cost, being the fair value of the consideration given. Subsequently, investments are carried at cost less any impairment losses.

Notes to the financial statements

For the year ended 30 June 2020

D3 Deed of cross guarantee

The Star Entertainment Sydney Holdings Limited, The Star Pty Limited, The Star Entertainment Pty Ltd, The Star Entertainment Sydney Properties Pty Ltd, The Star Entertainment Sydney Apartments Pty Ltd and Star City Investments Pty Limited are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirements to prepare a Financial Report and Directors' Report under Instrument 2016/785 issued by the Australian Securities and Investments Commission.

Consolidated income statement and summary of movements in consolidated earnings

The above companies represent a 'closed group' for the purposes of the Class Order, and as there are no other parties to the deed of cross guarantee that are controlled by The Star Entertainment Sydney Holdings Limited, they also represent the 'extended closed group'.

Set out below is a consolidated income statement and a summary of movements in consolidated retained earnings for the year ended 30 June 2020 of the closed group.

Consolidated income statement

	2020 $m	2019 $m
Revenue	**1,017.5**	1,321.9
Other income	**0.3**	0.6
Government taxes and levies	**(245.1)**	(360.0)
Employment costs	**(245.9)**	(351.6)
Depreciation, amortisation and impairment	**(163.0)**	(100.8)
Cost of sales	**(38.0)**	(51.0)
Property costs	**(36.8)**	(46.1)
Advertising and promotions	**(49.3)**	(62.4)
Other expenses	**(161.9)**	(188.8)
Earnings before interest and tax (EBIT)	**77.8**	161.8
Net finance costs	**(0.5)**	11.3
Profit before income tax (PBT)	**77.3**	173.1
Income tax expense	**(20.2)**	(54.8)
Net profit after tax (NPAT)	**57.1**	118.3
Total comprehensive income for the period	**57.1**	118.3
Summary of movements in consolidated retained earnings		
Accumulated profit at the beginning of the financial year	**53.6**	23.1
Profit for the year	**57.1**	118.3
Transition to AASB 9 adjustment	**-**	(6.8)
Dividends paid	**-**	(81.0)
Accumulated profit at the end of the financial year	**110.7**	53.6

Consolidated balance sheet

Set out below is a consolidated balance sheet as at 30 June 2020 of the closed group consisting of The Star Entertainment Sydney Holdings Limited, The Star Pty Limited, The Star Entertainment Pty Ltd, The Star Entertainment Sydney Properties Pty Limited, The Star Entertainment Sydney Apartments Pty Limited, and Star City Investments Pty Limited.

Notes to the financial statements

For the year ended 30 June 2020

Consolidated balance sheet

	2020 $m	2019 $m
ASSETS		
Cash assets	**24.0**	48.9
Trade and other receivables	**47.2**	176.6
Inventories	**7.8**	8.8
Other	**38.8**	27.7
Total current assets	**117.8**	262.0
Property, plant and equipment	**1,552.3**	1,460.9
Intangible assets	**275.6**	278.6
Other assets	**3.5**	10.3
Total non current assets	**1,831.4**	1,749.8
TOTAL ASSETS	**1,949.2**	2,011.8
LIABILITIES		
Trade and other payables	**609.1**	713.9
Provisions	**33.9**	35.1
Other liabilities	**11.9**	10.1
Total current liabilities	**654.9**	759.1
Deferred tax liabilities	**39.6**	54.9
Provisions	**4.1**	4.3
Total non current liabilities	**43.7**	59.2
TOTAL LIABILITIES	**698.6**	818.3
NET ASSETS	**1,250.6**	1,193.5
EQUITY		
Issued Capital	**1,139.9**	1,139.9
Retained Earnings	**110.7**	53.6
TOTAL EQUITY	**1,250.6**	1,193.5

D4 Key Management Personnel disclosures

	2020 $000	2019 $000
Compensation of Key Management Personnel		
Short term	**5,307**	6,047
Long term [a]	**269**	314
Share based payments	**2,555**	779
Termination benefits	**592**	-
Total compensation	**8,723**	7,140

[a] Includes reduction in accrued leave.

The above reflects the compensation for individuals who are Key Management Personnel of the Group. The note should be read in conjunction with the Remuneration Report.

Notes to the financial statements

For the year ended 30 June 2020

D5 Investment in associate and joint venture entities

Set out below are the investments of the Group as at 30 June 2020 which, in the opinion of the Directors, are material to the Group. The entities listed below have share capital consisting solely of ordinary shares, which are held by the Group. The country of incorporation is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

2020 Name of entity	Country of incorporation	% of ownership	Nature of ownership	Measurement method	Carrying amount $m
Destination Brisbane Consortium Integrated Resort Holdings Pty Ltd (i)	Australia	50	Associate	Equity method	443.0
Festival Car Park Pty Ltd (ii)	Australia	50	Joint venture	Equity method	13.5
Destination Gold Coast Investments Pty Ltd (iii)	Australia	50	Joint venture	Equity method	35.2
Destination Gold Coast Consortium Pty Ltd (iv)	Australia	33.3	Joint venture	Equity method	33.4
Total equity accounted investments					525.1

(i) Destination Brisbane Consortium Integrated Resort Holdings Pty Ltd

The Group has partnered with Hong Kong-based organisations Chow Tai Fook Enterprises Limited (***CTF***) and Far East Consortium International Limited (***FEC***) to form Destination Brisbane Consortium (***DBC***) for the Queen's Wharf Brisbane Project. The parties have formed two vehicles (the Integrated Resort Joint Venture and the Residential Joint Venture), which together are responsible for completing the Queen's Wharf Brisbane project.

Consistent with the ownership structure, the Group will contribute 50% of the capital to the development of the Integrated Resort and act as the casino operator under a long dated casino management agreement. CTF and FEC will each contribute 25% of the capital to the development of the Integrated Resort. CTF and FEC will each contribute 50% of the capital to undertake the residential and related components of the broader Queen's Wharf Brisbane development. The Group is not a party to the residential apartments development joint venture.

Commitments and contingent liabilities

DBC has current capital commitments of approximately $1.7 billion (2019: $2.0 billion) to fund the construction of the Integrated Resort, which is expected to open in 2022 (subject to various approvals).

Summarised financial information

The financial statements of the associate is prepared for the same reporting period as the Group and follow the same accounting policies of the Group.

	2020 $m	2019 $m
Balance sheet		
Total current assets	**149.1**	139.0
Total non current assets	**864.3**	564.5
Total current liabilities	**(74.7)**	(39.3)
Total non current liabilities	**(68.5)**	(52.8)
Net assets	**870.2**	611.4
Reconciliation to investment carrying amount:		
Carrying amount at the beginning of the year	**312.9**	223.7
Share of equity contributions for the Group	**131.5**	90.0
Share of loss for the period	**(1.4)**	(0.8)
Carrying amount at the end of the year	**443.0**	312.9

Notes to the financial statements

For the year ended 30 June 2020

	2020 $m	2019 $m
Income statement		
Loss before tax	**(2.7)**	(1.5)
Income tax benefit	**-**	-
Loss for the year (continuing operations)	**(2.7)**	(1.5)
Total comprehensive loss for the year (continuing operations)	**(2.7)**	(1.5)
Group's share of loss for the year	**(1.4)**	(0.8)
Dividends received from the associate entity	**-**	-

(ii) Festival Car Park Pty Ltd

The Group has a 50% interest in Festival Car Park Pty Ltd, a joint venture that operates the Festival Car Park on Charlotte Street in Brisbane. This is a joint venture with CTF and FEC.

Commitments and contingent liabilities

The joint venture had no capital commitments as at 30 June 2020 (2019: nil). There were no other contingent liabilities.

Summarised financial information

The financial statements of the joint venture are prepared on financial information that is unaudited and prepared for reporting purposes. The joint venture has a financial year end date of 31 March.

	2020 $m	2019 $m
Balance sheet		
Cash and cash equivalents	**1.5**	3.3
Total current assets excluding cash and cash equivalents	**0.8**	-
Total non current assets	**48.3**	48.4
Total current liabilities	**(1.0)**	(0.3)
Total non current liabilities - financial liabilities	**(22.5)**	(22.5)
Net assets	**27.1**	28.9
Reconciliation to investment carrying amount:		
Carrying amount at the beginning of the year	**14.3**	13.8
Share of profit for the period	**0.4**	0.5
Share of equity contributions for the Group	**(1.2)**	-
Carrying amount at the end of the year	**13.5**	14.3
Income statement		
Revenue	**2.9**	3.3
Interest expense	**(0.5)**	(0.7)
Other expenses	**(1.3)**	(1.3)
Profit before tax	**1.1**	1.3
Income tax expense	**(0.3)**	(0.4)
Profit for the year (continuing operations)	**0.8**	0.9
Total comprehensive income for the year (continuing operations)	**0.8**	0.9
Group's share of profit for the year	**0.4**	0.5

Notes to the financial statements

For the year ended 30 June 2020

(iii) Destination Gold Coast Investments Pty Ltd

On 20 October 2016, a 50% interest was acquired in Destination Gold Coast Investments Pty Ltd (***DGCI***). DGCI is a joint venture with CTF and FEC involved in the operation of the Sheraton Grand Mirage Resort, Gold Coast. The Group's interest is accounted for using the equity method.

The Securityholders' Deed for Destination Gold Coast Investments Pty Ltd requires unanimous consent for each Board resolution. Due to the unanimous requirement for decisions, each party has joint control of the entity. The entity is designed to exist on its own and the Deed does not grant the rights to assets and liabilities directly to the Group. The investment has therefore been classified as a joint venture.

Commitments and contingent liabilities

The joint venture had no capital commitments as at 30 June 2020 (2019: nil). There were no other contingent liabilities.

Summarised financial information

The financial statements of the joint venture are prepared for the same reporting period as the Group and follow the same accounting policies of the Group.

	2020 $m	2019 $m
Balance sheet		
Cash and cash equivalents	**9.3**	12.8
Total current assets excluding cash and cash equivalents	**1.8**	0.9
Total non current assets	**170.3**	171.9
Total current liabilities	**(4.7)**	(10.7)
Total non current liabilities - financial liabilities	**(72.8)**	(72.4)
Other non current liabilities	**(13.5)**	(14.5)
Net assets	**90.4**	88.0
Reconciliation to investment carrying amount:		
Carrying amount at the beginning of the year	**45.6**	44.6
Share of (loss)/profit for the period [a]	**(10.4)**	1.0
Share of equity contributions for the Group	**-**	-
Carrying amount at the end of the year	**35.2**	45.6
Income statement		
Revenue	**35.6**	45.1
Interest expense	**(2.4)**	(2.6)
Depreciation and impairment expense	**(23.3)**	(3.2)
Operating expenses	**(30.4)**	(36.9)
(Loss)/profit before tax	**(20.5)**	2.4
Income tax expense	**(0.3)**	(0.4)
(Loss)/profit for the year (continuing operations)	**(20.8)**	2.0
Total comprehensive income for the year (continuing operations)	**(20.8)**	2.0
Group's share of (loss)/profit for the year	**(10.4)**	1.0

[a] The share of (loss)/profit for the period includes a $20.0 million impairment of goodwill. The impairment reflects the impact of COVID-19 on DGCI's operations, including significantly reduced occupancy and food and beverage offerings.

Notes to the financial statements

For the year ended 30 June 2020

(iv) Destination Gold Coast Consortium Pty Ltd

On 22 November 2016, a 33.3% interest was acquired in Destination Gold Coast Consortium Pty Ltd (***DGCC***). DGCC is a joint venture with CTF and FEC for the purpose of constructing a new residential and hotel tower in Gold Coast. The Group's interest is accounted for using the equity method.

Commitments and contingent liabilities

On 16 August 2018, DGCC entered in to an agreement to commence construction in relation to the first residential, hotel and retail tower in Gold Coast The construction of the tower continues and is expected to be $370 million. DGCC has current commitments of approximately $233.0 million (2019: $370.0 million) to fund the construction of the first residential, hotel and retail tower, which is expected to open in 2022. The remaining costs will be funded out of secured project level debt facilities, providing funding to meet liabiliites as and when they fall due through project completion.

Summarised financial information

The financial statements of the joint venture are prepared for the same reporting period as the Group and follow the same accounting polices of the Group.

	2020 $m	2019 $m
Balance sheet		
Cash and cash equivalents	**10.2**	6.5
Total current assets excluding cash and cash equivalents	**0.4**	0.5
Total non current assets	**106.5**	61.3
Total current liabilities	**(12.5)**	(4.1)
Total non current liabilities	**(35.3)**	(28.2)
Net assets	**69.3**	36.0
Reconciliation to investment carrying amounts:		
Carrying amount at the beginning of the year	**12.2**	6.8
Share of loss for the period	**(0.7)**	(1.4)
Share of equity contributions for the Group	**21.9**	15.3
Elimination of gain on sale of land	**-**	(8.5)
Carrying amount at the end of the year	**33.4**	12.2
Income statement		
Loss before tax	**(1.3)**	(4.1)
Income tax benefit	**-**	-
Loss for the year (continuing operations)	**(1.3)**	(4.1)
Total comprehensive loss for the year (continuing operations)	**(1.3)**	(4.1)
Group's share of loss for the year	**(0.7)**	(1.4)

Notes to the financial statements

For the year ended 30 June 2020

E Risk Management

E1 Financial risk management objectives and policies

The Group's principal financial instruments, other than derivatives, comprise cash, short term deposits, Australian denominated bank loans, and foreign currency denominated notes.

The main purpose of these financial instruments is to provide funding for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. Derivative transactions are also entered into by the Group, being interest rate swaps, cross currency swaps and forward currency contracts, the purpose being to manage interest rate and currency risks arising from the Group's operations and sources of finance.

The Group's risk management policy is carried out by the Group Treasury function under the Group Treasury Policy approved by the Board. Group Treasury reports regularly to the Board on the Group's risk management activities and policies. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk.

Details of significant accounting policies and methods adopted, including criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument, are disclosed in note G.

Interest rate risk

The Group manages interest rate risk by using a floating versus fixed rate debt framework. The relative mix of fixed and floating interest rate funding is managed by using interest rate swap contracts. The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swap contracts.

Foreign currency risk

As a result of issuing private notes denominated in US Dollars (***USD***), the Group's balance sheet can be affected by movements in the USD/AUD exchange rate. In order to manage this exposure, the Group has entered into cross currency swaps to fix the exchange rate on the notes until maturity. The Group agrees to exchange a fixed USD amount for an agreed Australian Dollar (***AUD***) amount with swap counterparties, and re-exchange this again at maturity. These swaps are designated to hedge the principal and interest obligations under the private notes.

Credit risk

Credit risk on financial assets which have been recognised on the balance sheet, is the carrying amount less any allowance for non recovery. The Group minimises credit risk via adherence to a strict credit risk management policy. Collateral is not held as security.

Customer credit risk

Credit risk in trade receivables is managed in the following ways:

- The provision of cheque cashing facilities for casino gaming patrons is subject to detailed policies and procedures designed to minimise any potential loss, including the use of a central credit agency which collates information from the major casinos around the world; and
- The provision of non gaming credit is covered by a risk assessment process for customers using the Credit Reference Association of Australia, bank opinions and trade references.

Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is carefully managed and controlled.

Financial institution credit risk

Credit risk arising from other financial assets of the Group, which comprise cash, cash equivalents and derivative contracts, is reduced by transacting with relationship banks that have acceptable credit ratings, as determined by a recognised ratings agency.

Cash investments, derivative financial instruments, bank guarantees, and other contingent instruments create credit risk in relation to the relevant counterparties, which are principally large relationship banks.

The maximum counterparty credit exposure on forward currency and cross currency swaps is the fair value amount that the Group receives when settlement occurs, should the counterparty fail to pay the amount which it has committed to pay the Group. The credit risk on interest rate hedges is limited to the positive mark to market amount to be received from counterparties over the life of contracts that are favourable to the Group. The Group's maximum credit risk exposure in respect of interest rate swap contracts, cross currency swap contracts and forward currency contracts is detailed in note E2.

Notes to the financial statements

For the year ended 30 June 2020

Credit risk includes liabilities under financial guarantees

For financial guarantee contract liabilities, the fair value at initial recognition is determined using a probability weighted discounted cash flow approach. The fair value of financial guarantee contract liabilities has been assessed as nil (2019: nil), as the possibility of an outflow occurring is considered remote. Details of the financial guarantee contracts in the balance sheet are outlined below.

Fixed and floating charges

The controlled entities denoted (b) in note D1 have provided Liquor and Gaming NSW with a fixed and floating charge over all of the assets and undertakings of each company to secure payment of all monies and the performance of all obligations which they have to Liquor and Gaming NSW.

Guarantees and indemnities

The controlled entities denoted (b) in note D1 have entered into a guarantee and indemnity agreement in favour of Liquor and Gaming NSW whereby all parties to the agreement are jointly and severally liable for the performance of the obligations and liabilities of each company participating in the agreement with respect to agreements entered into and guarantees given.

The Star Entertainment Finance Limited and The Star Entertainment International No. 3 Pty Ltd are called upon to give in the ordinary course of business, guarantees and indemnities in respect of the performance of their contractual and financial obligations. The maximum amount of these guarantees and indemnities is $116.7 million (2019: $121.9 million).

Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet its obligations to repay its financial liabilities as and when they fall due.

The Group manages liquidity risk through maintaining sufficient cash and adequate amount of committed credit facilities to be held above the forecast requirements of the business. The Group manages liquidity risk centrally by monitoring cash flow forecasts and maintaining adequate cash reserves and debt facilities. The debt portfolio is periodically reviewed to ensure there is funding flexibility across an appropriate maturity profile.

Refer to notes B7 and E2 for maturity of financial liabilities.

The contractual timing of cash flows on derivatives and non-derivative financial assets and liabilities at the reporting date, including drawn borrowings and estimated interest, are set out in the tables below:

(i) Non-derivative financial instruments

	2020			2019		
	< 1 year	1 - 5 years	> 5 years	< 1 year	1 - 5 years	> 5 years
	$m	$m	$m	$m	$m	$m
Financial assets						
Cash assets	**64.1**	**-**	**-**	104.3	-	-
Short term deposits	**2.0**	**-**	**-**	10.0	-	-
Trade and other receivables	**99.5**	**-**	**-**	235.5	-	-
	165.6	**-**	**-**	349.8	-	-
Financial liabilities						
Trade and other payables	**318.7**	**-**	**-**	338.3	-	-
Bank loans - unsecured	**21.8**	**872.2**	**75.0**	201.6	335.4	-
Lease liabilities	**10.7**	**37.8**	**90.2**	9.2	43.7	90.2
Private placement - US dollar	**128.9**	**69.6**	**464.5**	33.5	191.1	490.4
	480.1	**979.6**	**629.7**	582.6	570.2	580.6
Net outflow	**(314.5)**	**(979.6)**	**(629.7)**	(232.8)	(570.2)	(580.6)

Notes to the financial statements

For the year ended 30 June 2020

(ii) Derivative financial instruments

	2020			2019		
	< 1 year $m	1 - 5 years $m	> 5 years $m	< 1 year $m	1 - 5 years $m	> 5 years $m
Financial assets						
Interest rate swaps - receive AUD floating	**0.4**	**0.6**	**-**	2.4	5.3	-
Cross currency swaps - receive USD fixed	**128.9**	**69.6**	**464.5**	33.5	191.1	490.4
	129.3	**70.2**	**464.5**	35.9	196.4	490.4
Financial liabilities						
Interest rate swaps - pay AUD fixed	**9.1**	**8.2**	**-**	8.4	13.9	-
Cross currency swaps - pay AUD floating	**107.6**	**26.2**	**219.1**	13.1	137.5	231.5
Cross currency swaps - pay AUD fixed	**13.6**	**54.2**	**253.2**	13.6	54.2	266.8
	130.3	**88.6**	**472.3**	35.1	205.6	498.3
Net (outflow)/inflow	**(1.0)**	**(18.4)**	**(7.8)**	0.8	(9.2)	(7.9)

For floating rate instruments, the amount disclosed is determined by reference to the interest rate at the last repricing date. For foreign currency receipts and payments, the amount disclosed is determined by reference to the AUD/USD rate at balance sheet date.

(iii) Financial instruments - sensitivity analysis

Interest rates - AUD and USD

The following sensitivity analysis is based on interest rate risk exposures in existence at year end.

At 30 June, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and other comprehensive income would have been affected as follows:

	Net profit after tax higher/(lower) $m	Other comprehensive income higher/(lower) $m
2020		
AUD		
+ 0.5% (50 basis points)	**(3.4)**	**12.4**
- 0.5% (50 basis points)	**3.4**	**(12.5)**
USD		
+ 0.5% (50 basis points)	**-**	**(10.4)**
- 0.5% (50 basis points)	**-**	**10.9**
2019		
AUD		
+ 0.5% (50 basis points)	(1.6)	12.9
- 0.5% (50 basis points)	1.6	(13.3)
USD		
+ 0.5% (50 basis points)	-	(11.2)
- 0.50% (50 basis points)	-	11.7

The movements in profit are due to higher/lower interest costs from variable rate debt and investments. The movement in other comprehensive income is due to an increase/decrease in the fair value of financial instruments designated as cash flow hedges.

The numbers derived in the sensitivity analysis are indicative only.

Significant assumptions used in the interest rate sensitivity analysis include:

- reasonably possible movements in interest rates were determined based on the Group's current credit rating and mix of debt, relationships with financial institutions and the level of debt that is expected to be renewed, as well as a review of the last two years' historical movements and economic forecaster's expectations;
- price sensitivity of derivatives is based on a reasonably possible movement of spot rates at the balance sheet dates; and
- the net exposure at the balance sheet date is representative of what the Group was, and is expecting to be, exposed to in the next twelve months.

Foreign Exchange

The following sensitivity analysis is based on foreign currency risk exposures in existence at the balance sheet date. At 30 June, had the AUD moved, as illustrated in the table below, with all other variables held constant, post tax profit and other comprehensive income would have been affected as follows:

Judgements of reasonably possible movements:

	Net profit after tax higher/(lower)	Other comprehensive income higher/(lower)	Net profit after tax higher/(lower)	Other comprehensive income higher/(lower)
	2020	**2020**	**2019**	**2019**
	$m	**$m**	**$m**	**$m**
AUD/USD + 10 cents	**-**	**10.2**	-	16.4
AUD/USD - 10 cents	**-**	**(14.0)**	-	(17.0)

There is no movement in net profit after tax as the Group has fully hedged its foreign currency exposure to the USPP.

The movement in other comprehensive income is due to an increase/decrease in the fair value of financial instruments designated as cash flow hedges. Management believes the balance sheet date risk exposures are representative of the risk exposure inherent in the financial instruments. The numbers derived in the sensitivity analysis are indicative only.

Significant assumptions used in the foreign currency exposure sensitivity analysis include:

- reasonably possible movements in foreign exchange rates were determined based on a review of the last two years' historical movements and economic forecaster's expectations;
- the reasonably possible movement of 10 cents was calculated by taking the USD spot rate as at balance sheet date, moving this spot rate by 10 cents and then re-converting the USD into AUD with the 'new spot-rate'. This methodology reflects the translation methodology undertaken by the Group;
- price sensitivity of derivatives is based on a reasonably possible movement of spot rates at the balance sheet dates; and
- the net exposure at the balance sheet date is representative of what the Group was, and is expecting to be, exposed to in the next twelve months.

Notes to the financial statements

For the year ended 30 June 2020

E2 Additional financial instruments disclosures

(i) Fair values

The fair value of the Group's financial assets and financial liabilities approximates their carrying value as at the balance sheet date.

There are various methods available in estimating the fair value of a financial instrument. The methods comprise:

Level 1 the fair value is calculated using quoted prices in active markets.

Level 2 the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

All of the Group's derivative financial instruments are valued using the Level 2 valuation techniques, being observable inputs. There have been no transfers between levels during the year.

Interest rate swaps and cross currency swaps

The fair value of cross currency contracts is calculated as the present value of expected future cash flows of these instruments. Key variables include market pricing data, discount rates and credit risk of the group or counterparty where relevant. Variables reflect those which would be used by the market participants to execute and value the instruments.

Forward currency contracts

Fair value is calculated using forward exchange market rates at the balance sheet date.

USPP

Fair value is calculated using discounted future cash flow techniques, where estimated cash flows and estimated discount rates are based on market data at the balance sheet date, in combination with restatement to current foreign exchange rates.

(ii) Financial instruments - interest rate swaps

Interest rate swaps meet the requirements to qualify for cash flow hedge accounting and are stated at fair value.

These swaps are used to hedge the exposure to variability in cash flows attributable to movements in the reference interest rate of the designated debt or instrument and are assessed as highly effective in offsetting changes in the cash flows attributable to such movements. Hedge effectiveness is measured by comparing the change in the fair value of the hedged item and the hedging instrument respectively each quarter. Any difference represents ineffectiveness and is recorded in the income statement.

The notional principal amounts and periods of expiry of the interest rate swap contracts are as follows:

	2020	**2019**
	$m	**$m**
Less than one year	**98.0**	-
One to five years	**200.0**	198.0
More than five years	**-**	-
Notional Principal	**298.0**	198.0
Fixed interest rate range p.a.	**1.0% - 6.0%**	2.4% - 6.0%

Net settlement receipts and payments are recognised as an adjustment to interest expense on an accruals basis over the term of the swaps, such that the overall interest expense on borrowings reflects the average cost of funds achieved by entering into the swap agreements.

(iii) Financial instruments - cross currency swaps (cash flow hedges)

Cross currency swap contracts are classified as cash flow hedges and are stated at fair value.

These cross currency swaps, in conjunction with interest rate swaps are being used to hedge the exposure to the cash flow variability in the value of the USD debt under the USPP and are assessed as highly effective in offsetting changes in movements in the forward USD exchange rate. Hedge effectiveness is measured by comparing the change in the fair value of the hedged item and the hedging instrument respectively each quarter. Any difference represents ineffectiveness and is recorded in the income statement.

Notes to the financial statements

For the year ended 30 June 2020

Financial instruments - cross currency swaps (fair value hedges)

These cross currency swaps are being used to hedge the exposure to fair value changes of the USD debt under the USPP as a result of fluctuations in the underlying USD to AUD exchange rate and US interest benchmark and are assessed as highly effective. The decrease in fair value of the cross currency swaps at fair value of $22.0 million (2019: $17.9 million) has been recognised in finance costs and offsetting gain on the USPP borrowings. The ineffectiveness recognised in FY2020 was immaterial.

The principal amounts and periods of expiry of the cross currency swap contracts are as follows:

	2020		2019	
	AUD $m	USD $m	AUD $m	USD $m
Less than one year	**98.1**	**105.0**	-	-
One to five years	**-**	**-**	98.1	105.0
More than five years	**433.4**	**338.4**	433.4	338.4
Notional principal	**531.5**	**443.4**	531.5	443.4
Fixed interest rate range p.a.	**4.3% - 5.9%**		4.3% - 5.9%	

The terms and conditions in relation to interest rate and maturity of the cross currency swaps are similar to the terms and conditions of the underlying hedged USPP borrowings as set out in note B7.

(iv) Reconciliation of movement in financing activities

	Opening $m	Cash flows $m	Changes in fair values $m	Foreign exchange movement $m	Option premium $m	Borrowing costs $m	Closing $m
2020							
Interest bearing liabilities (excluding lease liabilities) (refer to note B7)	(1,162.3)	(382.0)	(22.0)	(10.7)	5.5	3.7	**(1,567.8)**
Net derivative assets (refer to note B3)	75.4	-	43.6	-	-	-	**119.0**
2019							
Interest bearing liabilities (refer to note B7)	(820.0)	(296.0)	(17.9)	(32.7)	5.3	(1.0)	(1,162.3)
Net derivative assets (refer to note B3)	31.7	-	43.7	-	-	-	75.4

	Opening $m	Transition $m	Interest $m	Cash flows $m	Additions $m	Other costs $m	Closing $m
2020							
Lease liabilities (refer to note B7)	-	(58.4)	(4.0)	9.4	(4.1)	(0.1)	**(57.2)**

Notes to the financial statements

For the year ended 30 June 2020

F Other disclosures

F1 Other comprehensive income

	2020 $m	2019 $m
Net gain/(loss) on derivatives	**13.2**	(7.7)
Tax on above items recognised in other comprehensive income	**(4.0)**	2.3
	9.2	(5.4)

F2 Income tax

(i) Income tax benefit

	2020 $m	2019 $m
The major components of income tax benefit/(expense) is:		
Current tax benefit/(expense)	**8.1**	(80.0)
Adjustments in respect of current income tax of previous years	**(1.8)**	(0.6)
Deferred income tax benefit/(expense)	**28.5**	(0.1)
Income tax benefit/(expense) reported in the income statement	**34.8**	(80.7)
Aggregate of current and deferred tax relating to items charged or credited to equity:		
Current tax benefit reported in equity	**1.3**	0.8
Deferred tax (expense)/benefit reported in equity	**(4.0)**	2.2
Income tax (expense)/benefit reported in equity	**(2.7)**	3.0
Income tax expense		
A reconciliation between income tax benefit/(expense) and the product of accounting profit before income tax multiplied by the income tax rate is as follows:		
Accounting (loss)/profit before income tax benefit/(expense)	**(129.4)**	278.7
At the Group's statutory income tax rate of 30%	**38.8**	(83.6)
- Non assessable gain on sale	**-**	2.9
- Recognition of temporary differences	**2.0**	1.3
- Research & Development tax offset	**-**	0.6
- Over provision in prior years	**(1.8)**	(0.6)
- Other items	**(4.2)**	(1.3)
Aggregate income tax benefit/(expense)	**34.8**	(80.7)
Effective income tax rate	**26.9 %**	28.9 %

Notes to the financial statements

For the year ended 30 June 2020

(ii) Deferred tax balances

The balance comprises temporary differences attributable to:

2020	Balance 1 July 2019 $m	Recognised in the income statement $m	Recognised directly in equity $m	Other $m	Balance 30 June 2020 $m
Employee provisions	**20.9**	**0.9**	**-**	**-**	**21.8**
Other provisions and accruals	**21.5**	**(3.6)**	**-**	**-**	**17.9**
Impairment of trade receivables	**3.4**	**27.8**	**-**	**-**	**31.2**
Unrealised financial liabilities	**39.4**	**(1.0)**	**8.9**	**-**	**47.3**
Other	**2.3**	**4.9**	**-**	**-**	**7.2**
Tax losses	**-**	**-**	**-**	**7.8**	**7.8**
Deferred tax assets set off	**87.5**	**29.0**	**8.9**	**7.8**	**133.2**
Intangible assets	**(68.2)**	**(17.3)**	**-**	**-**	**(85.5)**
Property, plant and equipment	**(131.3)**	**21.8**	**-**	**-**	**(109.5)**
Unrealised financial assets	**(27.0)**	**-**	**(12.9)**	**-**	**(39.9)**
Other	**(31.7)**	**(5.0)**	**-**	**-**	**(36.7)**
	(258.2)	**(0.5)**	**(12.9)**	**-**	**(271.6)**
Net deferred tax (liabilities)/assets	**(170.7)**	**28.5**	**(4.0)**	**7.8**	**(138.4)**

2019	Balance 1 July 2018 $m	Recognised in the income statement $m	Recognised directly in equity $m	Other $m	Balance 30 June 2019 $m
Employee provisions	19.9	1.0	-	-	20.9
Other provisions and accruals	14.9	6.7	-	-	21.6
Impairment of trade receivables	7.9	(4.5)	-	-	3.4
Unrealised financial liabilities	30.1	18.1	(8.8)	-	39.4
Other	4.2	(2.0)	-	-	2.2
Deferred tax assets set off	77.0	19.3	(8.8)	-	87.5
Intangible assets	(72.1)	3.9	-	-	(68.2)
Property, plant and equipment	(134.3)	3.0	-	-	(131.3)
Unrealised financial assets	(18.2)	(19.8)	11.0	-	(27.0)
Other	(25.2)	(6.5)	-	-	(31.7)
	(249.8)	(19.4)	11.0	-	(258.2)
Net deferred tax (liabilities)/assets	(172.8)	(0.1)	2.2	-	(170.7)

Notes to the financial statements

For the year ended 30 June 2020

(iii) Tax consolidation

Effective June 2011, The Star Entertainment Group Limited (the ***Head Company***) and its 100% owned subsidiaries formed an income tax consolidation group. Members of the tax consolidation group entered into a tax sharing arrangement that provides for the allocation of income tax liabilities between the entities should the Head Company default on its tax payment obligations. At balance date, the possibility of default is remote.

Tax effect accounting by members of the tax consolidation group

Members of the tax consolidation group have entered into a tax funding agreement effective June 2011. Under the terms of the tax funding agreement, the Head Company and each of the members in the tax consolidation group have agreed to make a tax equivalent payment to or from the Head Company, based on the current tax liability or current tax asset of the member. Deferred taxes are recorded by members of the tax consolidation group in accordance with the principles of AASB 112 'Income Taxes'. Calculations under the tax funding agreement are undertaken for statutory reporting purposes.

The allocation of taxes under the tax funding agreement is recognised as either an increase or decrease in the subsidiaries' intercompany accounts with the Head Company. The Group has chosen to adopt the Group Allocation method as outlined in Interpretation 1052 'Tax Consolidation Accounting' as the basis to determine each members' current and deferred taxes. The Group Allocation method as adopted by the Group will not give rise to any contribution or distribution of the subsidiaries' equity accounts as there will not be any differences between the current tax amount that is allocated under the tax funding agreement and the amount that is allocated under the Group Allocation method.

(iv) Income tax payable

The balance of income tax payable is the net of current tax and tax instalments/refunds during the year. A current tax liability arises where current tax exceeds tax instalments paid and a current tax receivable arises where tax instalments paid exceed current tax.

The income tax (payable)/receivable balance is attributable to:

2020	(Payable) / receivable 1 July 2019 $m	Decrease / (increase) in tax payable $m	Tax instalment paid $m	Over provision of tax $m	Other $m	Receivable 30 June 2020 $m
Tax consolidated group - year ended 30 June 2020 [a]	-	7.8	-	-	(7.8)	-
Tax consolidated group - year ended 30 June 2019 [b]	(18.4)	(0.8)	19.5	-	-	0.3
Prior years	6.2	0.7	-	-	-	6.9
Total Australia	**(12.2)**	**7.7**	**19.5**	**-**	**(7.8)**	**7.2**
Overseas subsidiaries	-	-	0.3	-	-	0.3
Total	**(12.2)**	**7.7**	**19.8**	**-**	**(7.8)**	**7.5**

a Loss for current year recognised as deferred tax asset.

b The decrease in tax payable is an amendment to the income tax return relating to the application of the tax consolidation reset and depreciation for capital projects.

2019	(Payable) / receivable 1 July 2018 $m	(Increase) / decrease in tax payable $m	Tax instalment paid $m	Over provision of tax $m	Other $m	(Payable) / receivable 30 June 2019 $m
Tax consolidated group - year ended 30 June 2019	-	(84.2)	65.8	-	-	(18.4)
Tax consolidated group - year ended 30 June 2018	(2.1)	2.5	2.0	1.5	0.1	4.0
Prior years	1.8	0.4	-	-	-	2.2
Total Australia	(0.3)	(81.3)	67.8	1.5	0.1	(12.2)
Overseas subsidiaries	-	-	-	-	-	-
Total	(0.3)	(81.3)	67.8	1.5	0.1	(12.2)

Notes to the financial statements

For the year ended 30 June 2020

F3 Earnings per share

	2020 $m	2019 $m
Net profit after tax attributable to ordinary shareholders	**(94.6)**	198.0
Basic earnings per share (cents per share)	**(10.3)**	21.6
Diluted earnings per share (cents per share)	**(10.3)**	21.6

	2020 Number	2019 Number
Weighted average number of shares used as the denominator [a]	**914,599,793**	917,322,730
Adjustment for calculation of diluted earnings per share:		
Adjustment for Performance Rights	**718,294**	1,589,665
Weighted average number of ordinary shares and potential ordinary shares as used as the denominator in calculating diluted earnings per share at the end of the year	**915,318,087**	918,912,395

a The weighted average number of shares takes into account the weighted average effect of changes in treasury shares during the year.

F4 Other assets

	2020 $m	2019 $m
Current		
Prepayments	**57.2**	49.4
Other assets	**2.7**	2.6
	59.9	52.0
Non current		
Rental paid in advance	**-**	9.7
Other assets	**40.4**	37.9
	40.4	47.6

Other assets above are shown net of impairment of nil (2019: nil).

F5 Trade and other payables

	2020 $m	2019 $m
Trade creditors and accrued expenses	**222.3**	338.3
Dividend payable	**96.4**	-
Interest payable	**5.3**	2.6
	324.0	340.9

Trade and other payables of $324.0 million were down 5.0%, predominately relating to the reduction in safe keeping and patron deposits as a result of a decrease in IRB volume and over all reduced trading levels impacted by property closures and government restrictions on pcp, partially offset by deferral of the 2020 interim dividend to subsequent to year end, due to the exceptional circumstances associated with COVID-19 (refer to note A6).

Notes to the financial statements

For the year ended 30 June 2020

F6 Provisions

	2020 $m	2019 $m
Current		
Employee benefits	**63.2**	60.9
Workers' compensation	**7.7**	6.6
Other [a]	**-**	32.4
	70.9	99.9
Non-current		
Employee benefits	**9.2**	8.6
Other	**1.3**	8.3
	10.5	16.9

a Restructuring and redundancy provision relating to Group reorganisation in FY2019.

Reconciliation

Reconciliations of each class of provision, except for employee benefits and other (current), at the end of each financial year are set out below:

Workers' compensation reconciliation

2020	**Workers' compensation (current) $m**	**Other (non-current) $m**
Carrying amount at beginning of the year	**6.6**	**8.3**
Provisions made during the year	**4.2**	**-**
Provisions utilised during the year	**(3.1)**	**(7.0)**
Carrying amount at end of the year	**7.7**	**1.3**
2019		
Carrying amount at beginning of the year	6.9	5.0
Provisions made during the year	1.4	3.3
Provisions utilised during the year	(1.7)	-
Carrying amount at end of the year	6.6	8.3

Nature and timing of provisions

Workers' compensation

The Group self insures for workers' compensation in both New South Wales and Queensland. A valuation of the estimated claims liability for workers' compensation is undertaken annually by an independent actuary. The valuations are prepared in accordance with the relevant legislative requirements of each state and 'Professional Standard 300' of the Institute of Actuaries. The estimate of claims liability includes a margin over case estimates to allow for the future development of known claims, the cost of incurred but not reported claims and claims handling expenses, which are determined using a range of assumptions. The timing of when these costs will be incurred is uncertain.

Notes to the financial statements

For the year ended 30 June 2020

F7 Other liabilities

	2020 $m	2019 $m
Current		
Customer loyalty deferred revenue [a]	**20.7**	17.1
Other deferred revenue	**0.8**	1.7
	21.5	18.8
Non current		
Other	**5.9**	5.9
	5.9	5.9

a The Group operates customer loyalty programs enabling customers to accumulate award credits for gaming and on-property spend. A portion of the spend, equal to the fair value of the award credits earned, is treated as deferred revenue, and recognised in the income statement when the award is redeemed or expires.

F8 Treasury shares

During the year, the Group purchased 3,859,774 (2019: 1,458,361) of its own shares for use to settle future employee share based payment schemes.

	2020 $m	2019 $m
Opening balance 1 July	**6.7**	-
Value of treasury shares purchased	**12.2**	6.7
Closing balance 30 June	**18.9**	6.7

	2020 Number	2019 Number
Opening balance 1 July	**1,458,361**	-
Number of treasury shares purchased	**3,859,774**	1,458,361
Closing balance 30 June	**5,318,135**	1,458,361

Notes to the financial statements

For the year ended 30 June 2020

F9 Share capital and reserves

(i) Share capital

	2020 $m	2019 $m
Ordinary shares - issued and fully paid [a]	**3,063.0**	3,070.2
Purchase of treasury shares [b]	**(12.2)**	(6.7)
Issuance fees	**-**	(0.5)
	3,050.8	3,063.0

a There is only one class of shares (ordinary shares) on issue. These ordinary shares entitle the holder to participate in dividends and proceeds on winding up of the Company, in proportion to the number and amounts paid on the shares held. On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. The Company does not have authorised capital nor par value in respect of its issued shares.

b The Group purchased 3,859,774 (2019: 1,458,361) of its own shares for use to settle future employee share based payment schemes.

	2020 Number of shares	2019 Number of shares
Movements in ordinary share capital		
Balance at beginning of the year	**917,322,730**	917,322,730
Balance at the end of the year	**917,322,730**	917,322,730

On 2 July 2020, the Group issued 30,730,998 new shares to settle the interim dividend (refer to note C3).

(ii) Reserves (net of tax)

	2020 $m	2019 $m
Hedging reserve [a]	**(16.6)**	(27.5)
Cost of hedging reserve [b]	**3.2**	4.9
Share based payments reserve [c]	**16.8**	7.0
	3.4	(15.6)

Nature and purpose of reserves

a The hedging reserve records the spot element of fair value changes on the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

b The spot element of derivative contracts are designated as hedging instruments with fair value changes recorded in the hedging reserve. The forward element is recognised in other comprehensive income and accumulated in a separate component of equity under costs of hedging reserve.

c The share based payments reserve is used to recognise the value of equity settled share based payment transactions provided to employees, including Key Management Personnel as part of their remuneration. Refer to note F11 for further details on these plans.

Notes to the financial statements

For the year ended 30 June 2020

(iii) Capital management

The Group's objectives when managing capital are to ensure the Group continues as a going concern while providing optimal returns to shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends to be paid to shareholders, return capital to shareholders or issue new shares. Gearing is managed primarily through the ratio of net debt to earnings before interest, tax, depreciation, amortisation, impairment, significant items and share of the net loss of associate and joint venture entities.

Net debt comprises interest bearing liabilities, with US dollar borrowings translated at the 30 June 2020 USD/AUD spot rate of 1.4999 (2019: 1.4261), after adjusting for cash and cash equivalents and derivative financial instruments.

The Group's capital management also aims to ensure that it meets financial covenants attached to the interest bearing loans and borrowings that define capital structure requirements. There have been no breaches of the financial covenants of any interest bearing loans and borrowings in the current period. The Star secured a full waiver of its gearing and interest cover covenants for the 30 June 2020 covenant testing date from all its debt providers. Other than these banking covenants, the Group is not subject to externally imposed capital requirements.

	2020 $m	2019 $m
Gross Debt	**1,625.0**	1,162.3
Net Debt [a]	**1,382.7**	972.6
EBITDA [b]	**155.1**	519.8
Gearing ratio (times) [c]	**8.9 x**	1.9 x

a Net debt is shown as interest bearing liabilities (excluding lease liabilities), less cash and cash equivalents, less net position of derivative financial instruments.

b EBITDA is a non-IFRS disclosure and stands for earnings before interest, tax, depreciation, amortisation and impairment.

c Gearing ratio (times) has increased 7.0x. EBITDA has been negatively effected by the exceptional circumstances associated with COVID-19, which saw the closure of the Group's properties during FY2020. Net debt was also impacted by the cashflow reduction associated with the closure of the properties.

F10 Reconciliation of net profit after tax to net cash inflow from operations

	Note	2020 $m	2019 $m
Net profit after tax		**(94.6)**	198.0
- Depreciation, amortisation and impairment	A4	**228.5**	205.8
- Employee share based payments expense	F11	**9.0**	2.1
- Gain on disposal of property, plant and equipment		**(0.7)**	(0.9)
- Finance costs	A5	**52.6**	35.7
- Share of net loss of associate and joint venture entities	D5	**12.1**	0.6
- Gain on disposal of Gold coast land		**-**	(9.7)
Working capital changes			
- Decrease/(increase) in trade and other receivables and other assets		**128.8**	(33.9)
- Decrease/(increase) in inventories		**1.1**	(2.0)
- (Decrease)/increase in trade and other payables, accruals and provisions		**(142.7)**	6.8
- (Decrease)/increase in tax provisions		**(55.9)**	8.9
Net cash inflow from operating activities		**138.2**	411.4

Operating cash flow before interest and tax was $157.6 million, down 67.1% on the pcp, due to the exceptional circumstances associated with COVID-19. The EBITDA to cash conversion ratio was 102%.

Notes to the financial statements

For the year ended 30 June 2020

F11 Employee share plans

Long term incentive plan

During the current and prior periods, the Company issued Performance Rights under the long term incentive plan to eligible employees. The share based payment expense of $1.8 million (2019: $0.7 million) in respect of the equity instruments granted is recognised in the income statement.

The number of Performance Rights granted to employees and forfeited or lapsed during the year are set out below.

2020 Grant Date	**Balance at start of year**	**Granted during the year**	**Forfeited during the year [a]**	**Lapsed during the year [b]**	**Vested during the year**	**Balance at end of year**
21 September 2015	**621,767**	**-**	**-**	**621,767**	**-**	**-**
5 October 2016	**1,062,560**	**-**	**861**	**-**	**-**	**1,061,699**
2 October 2017	**1,600,456**	**-**	**140,031**	**-**	**-**	**1,460,425**
3 October 2018	**1,599,402**	**-**	**132,105**	**-**	**-**	**1,467,297**
3 October 2019	**-**	**1,874,038**	**-**	**-**	**-**	**1,874,038**
	4,884,185	**1,874,038**	**272,997**	**621,767**	**-**	**5,863,459**

2019 Grant Date	Balance at start of year	Granted during the year	Forfeited during the year	Lapsed during the year	Vested during the year	Balance at end of year
26 September 2014	921,619	-	3,224	-	918,395	-
21 September 2015	665,548	-	43,781	-	-	621,767
5 October 2016	1,146,415	-	83,855	-	-	1,062,560
2 October 2017	1,734,717	-	134,261	-	-	1,600,456
3 October 2018	-	1,599,402	-	-	-	1,599,402
	4,468,299	1,599,402	265,121	-	918,395	4,884,185

Grants from 26 September 2014 include a market based hurdle (relative total shareholder return (***TSR***)) and an EPS component. Grants from 2 October 2017 include a market based hurdle (relative TSR), an EPS component and a return on investment capital (***ROIC***) component. The Performance Rights have been independently valued. For the relative TSR component, valuation was based on assumptions underlying the Black-Scholes methodology to produce a Monte-Carlo simulation model. For the EPS and ROIC component, a discounted cash flow technique was utilised. The total value does not contain any specific discount for forfeiture if the employee leaves the Group during the vesting period. This adjustment, if required, is based on the number of equity instruments expected to vest at the end of each reporting period.

a The number of Performance Rights forfeited during the year is net of Performance Rights reinstated for employees who were terminated in FY19 as part of the Group reorganisation, but subsequently deemed good leavers. The number of Performance Rights reinstated is 48,650 from the 5 October 2016 grant, 43,678 from the 2 October 2017 grant and 27,963 from the 3 October 2018 grant.

b Performance rights granted on 21 September 2015 were tested on 21 September 2019 and did not vest. The TSR percentile rank for the Company was 14.93%, below the 50th percentile rank. The EPS performance was 22.4 cents, below the 33.5 cents threshold. As a result, these Performance Rights lapsed and no shares were issued to participants.

The key assumptions underlying the Performance Rights valuations are set out below:

Effective grant date	**Test and vesting date**	**Share price at date of grant $**	**Expected volatility in share price %**	**Expected dividend yield %**	**Risk free interest rate %**	**Average Fair Value per Performance Right $**
21 September 2015	21 September 2019	4.82	28.00 %	2.70 %	1.98 %	3.53
5 October 2016	5 October 2020	5.89	25.03 %	2.74 %	1.68 %	4.27
2 October 2017	2 October 2021	5.17	24.40 %	2.98 %	2.28 %	4.02
3 October 2018	3 October 2022	5.21	22.76 %	4.66 %	2.14 %	3.77
25 September 2019	25 September 2023	4.20	22.00 %	- %	0.72 %	3.66

Notes to the financial statements

For the year ended 30 June 2020

Equity retention plan

During the current period, the Company granted restricted shares under the equity retention plan to eligible employees. The share based payment expense of $1.3 million (2019: $1.4 million) in respect of the equity instruments granted is recognised in the income statement. The number of restricted shares granted to employees and forfeited during the year are set out below.

2020 Grant Date	Balance at start of year	Granted during the year	Forfeited during the year	Lapsed during the year	Vested during the year	Balance at end of year
1 July 2019	**1,433,959**	**201,410**	**317,750**	**-**	**-**	**1,317,619**

2019 Grant Date	Balance at start of year	Granted during the year	Forfeited during the year	Lapsed during the year	Vested during the year	Balance at end of year
1 July 2018	-	1,458,361	24,402	-	-	1,433,959

The shares are purchased on-market and are granted to participants at no cost, subject to a service condition of five years. Participants are entitled to dividends and may benefit from share price growth over the vesting period.

Short term incentive plan

Due to the exceptional circumstances associated with COVID-19, the Board resolved to exercise its discretion to make a significantly reduced equity award under the FY2020 short term incentive plan. The award will be delivered as a share based payment, subject to a holding lock of one year from the date of issue. A share based payment expense of $5.9 million has been recognised in the income statement.

F12 Auditor's remuneration

	2020 $	2019 $
Fees to Ernst & Young (Australia):		
- Fees for auditing the statutory financial report of the parent and consolidated group*	**1,029,652**	1,067,766
- fees for other assurance and agreed-upon-procedures services (including sustainability assurance) under contractual arrangements where there is discretion as to whether the service is provided by the auditor	**90,000**	88,860
- Fees for other advisory and compliance services	**224,419**	-
Total fees to Ernst & Young Australia	**1,344,071**	1,156,626

*includes $31,000 for overseas entities.

The auditor of the Company and its controlled entities is Ernst & Young. From time to time, Ernst & Young provides other services to the Group, which are subject to strict corporate governance procedures encompassing the selection of service providers and the setting of their remuneration. The Chair of the Audit Committee (or authorised delegate) must approve any other services provided by Ernst & Young to the Group.

F13 Assets held for sale

	2020 $m	2019 $m
Aircraft	**32.5**	-
Vessel	**4.7**	-
	37.2	-

In June 2020, the Group tendered for sale an aircraft and a vessel. The sales are expected to be completed before the end of October 2020. The assets were classified as 'held for sale' and measured at the lower of their carrying value and fair value less costs to sell at the time of reclassification. This resulted in an impairment expense of $13.3 million (2019: nil) (refer to note A7). The assets' fair values were determined by reference to independent market data. This is a level 2 measurement as per the fair value hierarchy set out in note E2(i).

Notes to the financial statements

For the year ended 30 June 2020

G Accounting policies and corporate information

Significant accounting policies are contained within the financial statement notes to which they relate and are not detailed in this section.

Corporate Information

The Star Entertainment Group Limited (the ***Company***) is a company incorporated and domiciled in Australia. The Financial Report of the Company for the year ended 30 June 2020 comprises the Company and its controlled entities (collectively referred to as the ***Group***). The Company's registered office is Level 3, 159 William Street, Brisbane QLD 4000.

The Company is of the kind specified in Australian Securities and Investments Commission (ASIC) Instrument 2016/191. In accordance with that Instrument, amounts in the Financial Report and the Directors' Report have been rounded to the nearest hundred thousand dollars, unless specifically stated to be otherwise. All amounts are in Australian dollars ($). The Company is a for profit organisation.

The Financial Report was authorised for issue by the Directors on 20 August 2020.

Basis of preparation

The Financial Report is a general purpose Financial Report which has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and other mandatory Financial Reporting requirements in Australia.

The financial statements comply with International Financial Reporting Standards (***IFRS***) as issued by the International Accounting Standards Board.

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below and elsewhere in this report. The policies used in preparing the financial statements are consistent with those of the previous year except as indicated under 'Changes in accounting policies and disclosures'.

Going concern

The financial statements have been approved by the Directors on a going concern basis. In determining the appropriateness of the basis of preparation, the Directors have considered the impact of the COVID-19 pandemic on the position of the Group at 30 June 2020 and its operations in future periods.

At 30 June 2020, the Group is in a net current liability position of $234.6 million (2019: net current liability of $246.6 million) and a net asset position of $3,465.0 million (2019: $3,740.9 million). For the year, the Group generated a loss after tax of $94.6 million (2019: profit after tax of $198.0 million). The net decrease in cash and cash equivalents of $48.2 million (2019: net increase $4.0 million) was driven by the payments for property, plant, equipment and intangibles and investments in associate and joint venture entities.

A waiver from banks and USPP holders was obtained providing relief against restrictive loan covenants at 30 June 2020.

Current Period Impact

The COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020. The response of governments in dealing with the pandemic is impacting the general activity levels within the community, the economy and the operations of the Group. On 23 March 2020, following government directives, The Star's properties in Sydney, Gold Coast and Brisbane:

- ceased gaming activities
- closed food and beverage, banqueting and conferencing offerings with the limited exception of in-room dining services for hotel guests; and
- significantly reduced the capacity of its hotel accommodation services.

From June 2020, The Star's properties commenced a staged return to operation, albeit at significantly reduced capacity. Restrictions remain in place around the number of patrons allowed onsite as well as minimum health and safety standards, the compliance to which require complete closure of the properties each day for 4 hours. It remains uncertain for how long these restrictions will remain in place.

At 30 June 2020 the Group has re-assessed all significant judgements and estimates included in the 30 June 2020 financial result and position, including but not limited to, provisions against debtors, liability to future claims, impairment of non-current assets, the fair valuation of debt and associated instruments as well as other provisions and estimates.

Future Impact and Going Concern

COVID-19 and the resulting border closures and other restrictions imposed by governments has had a significant impact on the current year financial results and financial position. COVID-19 has created significant uncertainty in relation to the Group's cash flow forecasts. Furthermore, there is the potential that the Group may breach covenants associated with its borrowing facilities at 31 December 2020, which if not amended or waived by the lenders, may lead to those borrowings becoming due and payable. The Group would need to raise additional capital or secure new borrowing facilities to repay existing borrowings should this eventuate. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern.

The Directors have taken the following matters into consideration in forming a view that the Group is a going concern, amongst other matters:

- The Group has cash on hand and on deposit of $66.1 million at 30 June 2020;
- At 30 June 2020, the Group has $507 million available facility capacity, of which $307 million has a maturity beyond 12 months. Drawn debt facilities due to mature within 12 months, which comprises the $98 million USPP, can be met out of available facility capacity;
- The Group expects to realise $37.2 million in asset divestments related to an aircraft and a vessel, held for sale at 30 June 2020;
- The Group has approximately $102 million in planned and committed capital expenditure and $156 million in committed investments into associates and joint ventures. The Directors have the ability to control the cash flow of certain capital expenditure, should the need arise. The Group's $156 million in committed investments into associates and joint ventures in FY21 fulfil the Group's remaining equity contributions towards both the Queen's Wharf development and Tower 1 on the Gold Coast. Remaining construction costs will be funded by project finance, which was fully committed at 30 June 2020;
- Scenario modelling has been undertaken, based on events known and current expectations, to forecast Group operating cashflows for the next 12 months. All scenarios, which assess different staged recoveries of the domestic economy and availability of international patrons, support operations which will generate operating cash flows to cover committed investing activities;
- As announced to the market, no further cash dividends will be paid until gearing, which represents the ratio of net debt to 12 month trailing statutory EBITDA, is below 2.5 times;
- The Group is required to test covenants at 31 December 2020, at which time it is likely additional waivers will be required from all lenders. The Group remains in contact with its lenders and is confident that as COVID-19 related restrictions continue to ease, waivers are obtainable at 31 December 2020. Historically, the Group has demonstrated an ability to successfully obtain waivers in previous periods, including most recently at 30 June 2020; and
- The Group has the opportunity to raise additional capital either through asset disposal or issuance of new shares, should the need arise. On 2 July 2020, 30,730,998 new shares were issued to settle the 2020 interim dividend. This equated to approximately $96.4 million in additional capital (refer note C3).

Based on the above, the Directors are satisfied that sufficient cashflows will be generated along with the capacity to either amend existing funding agreements or obtain new funding, such that the Group will be able to meet its liabilities, as and when they fall due, over the next twelve months.

Significant accounting judgements, estimates and assumptions

Preparation of the financial statements in conformity with Australian Accounting Standards and IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

- Going concern (refer note above);
- Asset useful lives and residual values (refer notes A4 and B5);
- Impairment of assets (refer note B6);
- Valuation of derivatives and other financial instruments (refer note B3);
- Impairment of trade receivables (refer note B2);
- Significant items (refer note A7);
- Provisions (refer note F6); and
- Asset held for sale (refer note F13).

Notes to the financial statements

For the year ended 30 June 2020

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in future periods.

Changes in accounting policies and disclosures
The Group has adopted the following new and amended accounting standards, which became applicable for the year ended 30 June 2020:

Reference	Title
AASB 16 (i)	Leases
AASB Interpretation 23 (ii)	Uncertainty over Income Tax Treatments, and relevant amending standards

(i) AASB 16 Leases
AASB 16 supersedes AASB 117 Leases, Interpretation 4 Determining whether an Arrangement contains a Lease, Interpretation 115 Operating Leases-Incentives and Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

The Group has adopted the new standard using the modified retrospective method of adoption with the date of initial application of 1 July 2019. Under this transition method, prior period comparative financial statements are not required to be restated. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (***short-term leases***), and lease contracts for which the underlying asset is of low value (***low-value leases***).

The impact of the new standard is that leases whereby the Group is lessee are required to be recognised on the balance sheet as a right-of-use (***ROU***) asset and lease liability, except for short-term leases and low-value leases. On transition, for existing leases, the lease liability is measured at the present value of future lease payments, discounted using the incremental rate of borrowing at transition date. The Group elected to use the exemption whereby on transition, the ROU asset is recognised at an amount consistent with the lease liability, adjusted for any existing lease related assets or liabilities (prepaid lease payments and accrued lease incentives).

The effect of adopting AASB 16 on the balance sheet is as follows:

	30 June 2019 $m	Adoption adjustment $m	1 July 2019 $m
Balance sheet			
Property, plant and equipment	2,779.8	60.3	2,840.1
Other assets	99.6	(8.9)	90.7
Interest bearing liabilities	(1,162.3)	(58.4)	(1,220.7)
Provisions	(116.8)	7.0	(109.8)

The impact on the income statement for the year ended 30 June 2020 are as follows:

	30 June 2020 AASB 117 $m	Transition adjustment $m	30 June 2020 AASB 16 $m
Income statement			
Depreciation, amortisation and impairment	224.2	8.1	232.3
Net finance costs	48.2	4.0	52.2
Property costs *	74.6	(9.7)	64.9
Other expenses *	193.1	(1.0)	192.1

* These costs represent the operating lease expense which would have originally been recorded under AASB 117.

Lessor accounting under AASB 16 is substantially unchanged from accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases. Adoption of the new standard has had no impact on the accounting for those contracts whereby the Group is the lessor.

Notes to the financial statements

For the year ended 30 June 2020

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets.

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as at 30 June 2019:

	$m
Operating lease commitments as at 30 June 2019	**143.1**
Less:	
Discounting of leases [a]	(84.7)
Lease liabilities as at 1 July 2019	**58.4**

[a] The weighted average incremental borrowing rate was 11.3% as at 1 July 2019.

Summary of new accounting policies

Right-of-use assets

The Group recognises ROU at the commencement date of the lease (i.e. the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognised ROU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. ROU assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date,the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of buildings, leasehold improvements and plant and equipment. (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e. below $10,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The above policies replace the lease policy in place at 30 June 2019, which reads: Leases of assets where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases.

Leases of assets under which substantially all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

(ii) AASB Interpretation 23
The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of AASB 112 Income Taxes. It does not apply to taxes or levies outside the scope of AASB 112, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The adoption of this interpretation has no material impact on the financial results of the Group.

Standards and amendments issued but not yet effective
The Group has not applied Australian Accounting Standards and IFRS that were issued or amended but not yet effective. The key standards, shown below, are not expected to have a material impact on the financial statements:

Reference	Title	Application date
AASB 3	Amendments to AASB 3 Definition of a Business	1 January 2020
AASB 101	Amendments to the definition of material	1 January 2020
AASB 7	Interest rate benchmark reform on hedge accounting	1 January 2020

Basis of consolidation
Controlled entities
The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Controlled entities are consolidated from the date control is transferred to the Group and are no longer consolidated from the date control ceases. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated.

Foreign currency
The consolidated financial statements are presented in Australian dollars ($) which is the Group's functional and presentation currency.

Transactions and balances
Transactions denominated in foreign currencies are translated at the rate of exchange ruling on the transaction date.

Monetary items denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Gains and losses arising from the translation are credited or charged to the income statement, with the exception of differences on foreign currency borrowings that are in an effective hedge relationship. These are taken directly to equity until the liability is extinguished, at which time they are recognised in the income statement.

Government grants
Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense, it is recognised net of the related expense for which it is intended to compensate. There are no unfilled conditions or other contingencies attached to the grants.

Net finance costs
Finance income is recognised as the interest accrues, using the effective interest method. Finance costs consist of interest and other borrowing costs incurred in connection with the borrowing of funds. Finance costs directly associated with qualifying assets are capitalised, all other finance costs are expensed, in the period in which they occur.

Taxation
Income tax
Income tax comprises current and deferred income tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for:

- goodwill; and
- the initial recognition of an asset or liability in a transaction which is not a business combination and that affect neither accounting nor taxable profit at the time of the transaction.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Goods and Services Tax (GST)
Revenues, expenses, assets and liabilities are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;
- casino revenues, due to the GST being offset against government taxes; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

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

Cash and cash equivalents
Cash and cash equivalents are carried in the balance sheet at face value. Cash and cash equivalents include cash balances and call deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash for the purpose of the statement of cash flows.

Trade and other receivables
Trade receivables are recognised and carried at original settlement amount less a provision for expected credit loss impaired, where applicable. Bad debts are written off when they are known to be uncollectible. Subsequent recoveries of amounts previously written off are credited to the income statement. Other receivables are carried at amortised cost less impairment.

Inventories
Inventories include consumable stores, food and beverage and are carried at the lower of cost and net realisable value. Inventories are costed on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business.

Property, plant and equipment
Refer to notes A4 and B4 for further details of the accounting policy, including useful lives of property, plant and equipment.

Freehold land is included at cost and is not depreciated.

All other items of property, plant and equipment are stated at historical cost net of depreciation, amortisation and impairment, and depreciated over periods deemed appropriate to reduce carrying values to estimated residual values over their useful lives. Historical cost includes expenditure that is directly attributable to the acquisition of these items.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Costs arising subsequent to the acquisition of an asset are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial year in which they are incurred.

Costs relating to development projects are recognised as an asset when it is:

- probable that any future economic benefit associated with the item will flow to the entity; and
- it can be measured reliably.

If it becomes apparent that the development will not occur, the amount is expensed to the income statement.

Intangible assets
Goodwill
Goodwill represents the excess of the consideration transferred over the fair value of the identifiable net assets acquired and liabilities assumed. Goodwill is assessed for impairment on an annual basis and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

Other intangible assets
Indefinite life intangible assets are not amortised and are assessed annually for impairment. Expenditure on gaming licences acquired, casino concessions acquired, computer software and other intangibles are capitalised and amortised using the straight line method as described in note B5.

Software
Costs associated with developing or maintaining computer software programs are recognised as expenses as incurred. However, costs that are directly associated with identifiable and unique software products controlled by the Group and which have probable economic benefits exceeding the costs beyond one year are recognised as intangible assets. Direct costs include staff costs of the software development team and an appropriate portion of the relevant overheads. Expenditure meeting the definition of an asset is recognised as a capital improvement and added to the original cost of the asset. These costs are amortised using the straight line method, as described in note B5.

Casino licences and concessions
Refer to note B5 for details and accounting policy.

Impairment of assets
Assets that have an indefinite useful life are not subject to depreciation or amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash generating units). Refer to note B6 for further details of key assumptions included in the impairment calculation.

Assets held for sale
Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction, rather than through continuing use, and a sale is considered highly probable. They are measured at the lower of their carrying value and fair value less costs to sell. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its fair value less costs to sell.

Provisions
A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, 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, where appropriate, the risks specific to the liability.

Investment in associate and joint venture entities
Associates are all entities over which the Group has significant influence but not control or joint control. Joint control is the contractually agreed sharing of the joint arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. A joint venture is a type of arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. The Group's investments in associate and joint venture entities are accounted for using the equity method of accounting, after initially being recognised at cost. Under the equity method of accounting, the investments are initially recognised at cost and are subsequently adjusted to recognise the Group's share of the post-acquisition profits or losses of the investee in the income statement, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received are recognised as a reduction in the carrying amount of the investment. The carrying amount of equity-accounted investments is tested for impairment in accordance with the Group's policy.

Interest bearing liabilities
Interest bearing liabilities are recognised initially at fair value and include transaction costs. Subsequent to initial recognition, interest bearing liabilities are recognised at amortised cost using the effective interest rate method. Any difference between proceeds and the redemption value is recognised in the income statement over the period of the borrowing using the effective interest rate method.

Interest bearing liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Employee benefits

Post-employment benefits

The Group's commitment to defined contribution plans is limited to making the contributions in accordance with the minimum statutory requirements. There is no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees relating to current and past employee services.

Superannuation guarantee charges are recognised as expenses in the income statement as the contributions become payable. A liability is recognised when the Group is required to make future payments as a result of employees' services provided.

Long service leave

The Group's net obligation in respect of long term service benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using rates attached to bonds with sufficiently long maturities at the balance sheet date, which have maturity dates approximating to the terms of the Group's obligations.

Annual leave

Liabilities for annual leave are calculated at discounted amounts based on remuneration rates the Group expects to pay, including related on-costs when the liability is expected to be settled. Annual leave is another long term benefit and is measured using the projected credit unit method.

Share based payment transactions

The Company operates a long term incentive plan (***LTI***), which is available to employees at the most senior executive levels. Under the LTI, employees may become entitled to Performance Rights which may potentially convert to ordinary shares in the Company. The fair value of Performance Rights is measured at grant date and is recognised as an employee expense (with a corresponding increase in the share based payment reserve) over four years from the grant date irrespective of whether the Performance Rights vest to the holder. A reversal of the expense is only recognised in the event the instruments lapse due to cessation of employment within the vesting period.

The fair value of the Performance Rights is determined by an external valuer and takes into account the terms and conditions upon which the Performance Rights were granted.

The Company operates an Equity Retention Plan, whereby eligible employees may receive up to 100% of their fixed annual remuneration amount in value as fully paid ordinary shares after five years. The awards are issued at no cost to participants and are subject to a service condition of five years. Participants are entitled to dividends and may benefit from share price growth over the vesting period.

Under the Company's short term incentive plan (***STI***), eligible employees receive two thirds of their annual STI entitlement in cash and one third in the form of restricted shares which are subject to a holding lock for a period of twelve months. These shares are forfeited in the event that the employee voluntarily terminates from the Company. Due to the exceptional circumstances associated with COVID-19, the Board resolved to exercise its discretion to make a significantly reduced equity award under the FY2020 STI. The award will be delivered as a share based payment, subject to a holding lock of one year from the date of issue.

The cost is recognised in employment costs, together with a corresponding increase in equity (share based payment reserve) over the service period. No expense is recognised for awards that do not ultimately vest. A liability is recognised for the fair value of cash settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in employment costs.

Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its Treasury Policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value at the date the derivative contract is entered into and are subsequently remeasured to fair value at the end of each reporting period. The resulting gain or loss is recognised immediately in the income statement. However, where derivatives qualify for cash flow hedge accounting, the effective portion of the gain or loss is deferred in equity while the ineffective portion is recognised in the income statement.

The fair value of interest rate swap, cross currency swap and forward currency contracts is determined by reference to market values for similar instruments. Refer to note E2 for details of fair value determination.

Derivative assets and liabilities are offset and the net amount reported in the consolidated balance sheet if, and only if:

- there is a currently enforceable legal right to offset the recognised amount; and
- there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Hedging

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the exposure to variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity. When the forecast transaction subsequently results in the recognition of a non financial asset or liability, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non financial asset or liability.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or financial liability, then the associated gains and losses that were recognised directly in equity are reclassified into the income statement in the same period or periods during which the asset acquired or liability assumed affects the income statement (i.e. when interest income or expense is recognised). For cash flow hedges, the effective part of any gain or loss on the derivative financial instrument is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects the income statement. The ineffective part of any gain or loss is recognised immediately in the income statement.

When a hedging instrument expires or is sold, terminated or exercised, or the designation of the hedge relationship is revoked but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above when the transaction occurs. If the hedged transaction is no longer expected to take place, then the cumulative unrealised gain or loss recognised in equity is recognised immediately in the income statement.

Fair value hedges

Where a derivative financial instrument is designated as a hedge of the exposure to variability in the fair value of a recognised asset or liability, any change in the fair value of the hedge is recognised in the income statement as a finance cost. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the income statement as a finance cost.

Issued capital

Issued and paid up capital is recognised at the fair value of the consideration received. Issued capital comprises ordinary shares. Any transaction costs directly attributable to the issue of ordinary shares are recognised directly in equity, net of tax, as a reduction of the share proceeds received.

Operating segment

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's executive decision makers to allocate resources and assess its performance.

The Group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- nature of the products and services;
- type or class of customer for the products and services;
- methods used to distribute the products or provide the services; and
- nature of the regulatory environment.

Segment results include revenue and expenses directly attributable to a segment and exclude significant items.

Capital expenditure represents the total costs incurred during the period to acquire segment assets, including capitalised interest.

Dividend distributions

Dividend distributions to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are declared.

Basic earnings per share

Basic earnings per share is calculated by dividing the net earnings after tax for the period by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share

Diluted earnings per share is calculated by dividing the net earnings attributable to ordinary equity holders adjusted by the after tax effect of:

- any dividends or other items related to dilutive potential ordinary shares deducted in arriving at profit or loss attributable to ordinary equity holders;
- any interest recognised in the period related to dilutive potential ordinary shares; and
- any other changes in income or expense that would result from the conversion of the dilutive potential ordinary shares;

by the weighted average number of issued ordinary shares plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Directors' Declaration

In the opinion of the Directors of The Star Entertainment Group Limited (the ***Company***):

(a) the financial statements and notes of the Group are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's consolidated financial position as at 30 June 2020 and of its performance for the year ended on that date; and

(ii) complying with the Accounting Standards and the Corporations Regulations 2001;

(b) the Financial Report also complies with International Financial Reporting Standards as disclosed in note G; and

(c) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of Directors.

John O'Neill

John O'Neill AO
Chairman
Sydney
20 August 2020

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Independent Auditor's Report to the Members of The Star Entertainment Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of The Star Entertainment Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2020 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of matter: COVID-19 - Material uncertainty in relation to going concern

We draw attention to Note G of the financial report which notes the impact of the COVID-19 pandemic on the Directors' assessment of the ability of the Group to continue as a going concern. The impact of COVID-19, indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Note G describes the basis of the directors' assessment that the Group has the ability to continue as a going concern and the actions they are planning to take to respond to this uncertainty. Our opinion is not modified in respect of this matter.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Recoverability of trade receivables

Why significant to the audit	How our audit addressed the key audit matter
As disclosed in Note B2, the Group's consolidated statement of financial position included \$157.3m of gross trade receivables and an associated provision for impairment of \$103.6m at 30 June 2020. As disclosed in note B2, the calculation of the expected credit losses (ECL) is inherently subjective. A small difference in any one of the key assumptions may result in a significant change in the ECL. The Directors' assessment as to the recoverability of trade receivables relating to VIP revenue involves judgement, specifically relating to the individual circumstances of each aged debtor. The Group applies Australian Accounting Standard AASB 9 *Financial Instruments* in calculating the provision for doubtful debts, applying a forward-looking expected loss impairment model. This involves judgement as the expected credit losses must reflect information about past events, current conditions and forecasts of future conditions.	The calculation of the expected credit loss on trade receivables is inherently subjective given that there are alternative assumptions that may result in a range of values. The impact of COVID-19 at 30 June 2020 has resulted in a wider range of possible values than at past valuation points. We discussed the following matters with management to determine the impact on the recoverability of trade debtors: ► changes in the condition of each debtor; ► controls in place relevant to the ECL calculation process; and ► the impact that COVID-19 and the closure of the international border has had on the Company's trade debtors. On a sample basis, we performed the following procedures for selected debtors: ► Assessed whether the ageing of trade receivables was being correctly calculated.

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Why significant to the audit	How our audit addressed the key audit matter
As disclosure in note B2, there is significant recoverability uncertainty as at 30 June 2020 arising from the COVID-19 pandemic due to casino closures, international border closures, and significant uncertainty in international economies. The total increase in the ECL provision for the year was $97.3m. This was a key audit matter due to the inherent subjectivity that is involved in making judgements in relation to credit exposures to determine the recoverability of trade receivables.	► Assessed the effectiveness of relevant controls in relation to the granting of credit facilities, including credit checks. ► Compared the Group's provisioning rates to determine whether they are reasonable and supportable based on objective and observable evidence with reference to the individual customers circumstances. ► Assessed the appropriateness and consistency in the application of the considerations of the provision taking into account future events and conditions. The key assumptions are listed in note B2. ► Evaluated cash receipts after year-end to determine any remaining exposure at the date of the financial report. Our audit procedures also included the following: ► Evaluated whether the expected credit loss impairment model met the criteria set out in AASB 9 and tested the mathematical accuracy of the calculations. ► Considered whether there have been any indicators of material changes in recoverability of trade receivables from 30 June 2020 up to the date of our opinion. ► Assessed the adequacy of the Group's disclosures in relation to trade receivables included in the financial report.

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Impairment testing of Goodwill

Why significant to the audit	How our audit addressed the key audit matter
The Group has goodwill of $1,442.2 million as at 30 June 2020. The Group performs an impairment assessment on an annual basis to support the carrying value of goodwill. In addition, an impairment assessment is performed when there is an impairment indicator present. The impairment assessment is complex and judgemental, as it includes modelling a range of assumptions and estimates that are affected by expected future performance and market conditions such as cash flow forecasts, growth rates, discount rates and terminal value assumptions. Accordingly, the Group's impairment assessment was a key audit matter. Key assumptions, judgements and estimates used in the Group's assessment of impairment of intangibles assets are set out in Note B6 of the financial report. Given the conditions at balance date, a range of scenarios around the Group's expected cash flows have been considered. In this situation, the disclosures in Note B6 of the financial report provide particularly important information about the key assumptions made in the impairment models at 30 June 2020. As at 30 June 2020 there is significant uncertainty arising from the COVID-19 pandemic and the response of Governments to it. This means that the cash flow forecasts and assumptions may change significantly and unexpectedly over a relatively short period of time. The COVID-19 pandemic resulted in closure of operations during the year. Upon resumption of operations, social distancing requirements, venue capacity restrictions, and international border closures imposed by governments will constrain short term revenue and may change with limited notice. Accordingly, we considered this a key audit matter due to the uncertainty and judgements required in the impairment testing of goodwill. For the same reasons we consider it important that attention is drawn to the information in Note B6 of the financial report in assessing the impairment testing of goodwill at 30 June 2020.	Our audit procedures included the following: ► Evaluated the cash flow forecasts, which supported the recoverable value of the goodwill. ► Compared the forecasts to the Board approved budgets and five-year financial plan. We also considered the historical reliability of the Group's cash flow forecasting and budgeting processes. ► Involved our valuation specialists to assess whether the methodology applied was in accordance with Australian Accounting Standards and to evaluate the key assumptions applied in the impairment models, in particular changes made as a result of COVID-19. These included the discount rates, growth rates, terminal value assumptions, resumption of overseas travel, and easing of social distancing requirements. ► Tested whether the models used were mathematically accurate. ► Performed sensitivity analysis around the key assumptions to ascertain the extent to which changes in those assumptions would result in impairment. ► Assessed the adequacy of the disclosures included in Notes B5 and B6 of the financial report, and in particular those relating to the cash flow forecasts are appropriate. ► We have considered whether there have been any indicators of material changes in the carrying value of goodwill from 30 June 2020 up to the date of our opinion.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's 2020 Annual Report other than the financial report and our auditor's report thereon. We obtained the Directors' Report that is to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on the Audit of the Remuneration

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 36 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of The Star Entertainment Group Limited for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Megan Wilson

Megan Wilson
Partner
Sydney
20 August 2020