



THE STAR

## ASX Announcement

**NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES**

2 March 2023

### **RETAIL ENTITLEMENT OFFER OPENS AND DESPATCH OF RETAIL OFFER BOOKLET TO ELIGIBLE RETAIL SHAREHOLDERS**

On Thursday 23 February 2023, The Star Entertainment Group Limited (ASX code: SGR) (**The Star**) announced an accelerated non-renounceable entitlement offer (**Entitlement Offer**) and placement to raise approximately \$800 million.

The retail component of The Star's Entitlement Offer (**Retail Entitlement Offer**) opens today, Thursday 2 March 2023. The Retail Entitlement Offer is expected to close at 5.00pm (AEDT) on Monday 13 March 2023 (unless extended).

Attached is a copy of the Retail Offer Booklet which will be made available to eligible retail shareholders, either by email (if they have elected to receive electronic communications only), online or by post together with an Entitlement and Acceptance Form. A copy of both documents will also be able to be accessed by eligible retail shareholders through [www.starentertainmentgroup.com.au/investor-centre](http://www.starentertainmentgroup.com.au/investor-centre).

Also attached is a copy of a letter that will be made available to eligible retail shareholders notifying them of the Retail Entitlement Offer.

The Retail Offer Booklet and the Entitlement and Acceptance Form contains important information about the Retail Entitlement Offer including how eligible retail shareholders in Australia and New Zealand can apply to participate in the Retail Entitlement Offer.

Shareholders can contact the Offer Information Line on 1300 880 923 (within Australia) and +61 1300 880 923 (outside of Australia) at any time between 8.30am to 5.30pm (AEDT), Monday to Friday during the offer period for the Retail Entitlement Offer for more information.

#### **Authorised by:**

Ben Heap  
Chairman

#### **For more information contact:**

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## **NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES**

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. This announcement should not be distributed or released in the United States.

Neither the Entitlements nor the New Shares (each, as defined in the Retail Offer Booklet) have been, or will be, registered under the U.S. Securities Act of 1933, as amended (**U.S. Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the entitlements may not be taken up by, and the New Shares may not be offered or sold, directly or indirectly, in the United States or to any person acting for the account or benefit of a person in the United States (to the extent that the person holds shares for the account or benefit of a person in the United States). The Entitlements and the New Shares to be offered and sold in the Retail Entitlement Offer may only be offered and sold outside the United States in "offshore transactions" (as defined in Rule 902(h) under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act.

## **GENERAL**

This announcement does not constitute or provide financial advice or financial product advice and has been prepared without taking into account any investor's particular objectives, financial situations or needs. Investors should seek independent advice from their stockbroker, solicitor, accountant or other professional adviser before making any investment decision. Cooling off rights do not apply to an investment in New Shares.

# THE STAR ENTERTAINMENT GROUP LIMITED

ABN 85 149 629 023

## Retail Entitlement Offer

**3 for 5 pro rata accelerated non-renounceable entitlement offer of fully paid ordinary shares in The Star Entertainment Group Limited at an issue price of \$1.20 per New Share**

**Retail Entitlement Offer closes: 5.00pm (AEDT) on Monday, 13 March 2023 (unless extended).  
Valid Applications must be received before that time.**

If you are an Eligible Retail Shareholder, this Retail Offer Booklet together with the personalised Entitlement and Acceptance Form which accompanies it, are important documents that require your immediate attention. These documents should be read in their entirety. This Retail Offer Booklet is not a prospectus under the *Corporations Act 2001* (Cth) and has not been lodged with the Australian Securities and Investments Commission.

You should consult your stockbroker, solicitor, accountant, or other independent professional adviser if you have any questions about the Retail Entitlement Offer. You can also contact the Offer Information Line on 1300 880 923 (within Australia) and +61 1300 880 923 (outside of Australia) at any time between 8.30am to 5.30pm (AEDT), Monday to Friday during the Retail Entitlement Offer Period.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

## IMPORTANT NOTICES

This Retail Offer Booklet (other than the announcements in Section 4 of this Retail Offer Booklet) is dated Thursday, 2 March 2023.

The Retail Entitlement Offer is made pursuant to section 708AA of the *Corporations Act 2001* (Cth) (**Corporations Act**) (as notionally modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84* and *ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73*), which allows entitlement offers to be made without a prospectus or other disclosure document. As a result, the Retail Entitlement Offer is not being made under a prospectus and it is important for Eligible Retail Shareholders to read carefully and understand this Retail Offer Booklet and the information about the Company and the Retail Entitlement Offer made publicly available, prior to deciding whether to take up all or part of their Entitlement or do nothing in respect of their Entitlement.

This Retail Offer Booklet does not contain all of the information which an investor may require to make an informed investment decision, nor does it contain all the information which would be required to be disclosed in a prospectus or other disclosure document prepared in accordance with the requirements of the Corporations Act. The information in this Retail Offer Booklet does not constitute financial product advice and does not take into account your investment objectives, financial situation, or particular needs.

This Retail Offer Booklet should be read in its entirety before you decide to participate in the Retail Entitlement Offer. In particular you should consider the risk factors that could affect the performance of The Star or the value of an investment in The Star. Please refer to the "Key Risks" in slides 29 to 53 of the Investor Presentation for further details (see Section 4 of this Retail Offer Booklet).

This Retail Offer Booklet is not a prospectus under the Corporations Act and has not been lodged with ASIC. By returning an Entitlement and Acceptance Form or otherwise paying for your New Shares through BPAY<sup>®1</sup> or EFT in accordance with the instructions on the Entitlement and Acceptance Form, you will be deemed to have acknowledged that you have read this Retail Offer Booklet in its entirety and you have acted in accordance with, and agree to the terms of, the Retail Entitlement Offer detailed in this Retail Offer Booklet.

### NOT FOR DISTRIBUTION OUTSIDE AUSTRALIA AND NEW ZEALAND

This Retail Offer Booklet (including the accompanying Entitlement and Acceptance Form) does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make an offer or invitation. In particular, this Retail Offer Booklet does not constitute an offer to Ineligible Retail Shareholders.

This Retail Offer Booklet is not to be distributed in, and no offer of New Shares is to be made under the Retail Entitlement Offer, in countries other than Australia and New Zealand without the express written consent of The Star.

No action has been taken to register or qualify the Retail Entitlement Offer, the Entitlements, the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia.

The distribution of this Retail Offer Booklet (including an electronic copy) outside Australia and New Zealand may be restricted by law and any such restrictions should be observed. If you come into possession of the information in this Retail Offer Booklet, you should observe those restrictions. Any non-compliance with these restrictions may contravene applicable securities laws.

Foreign exchange control restrictions or restrictions on remitting funds from your country to Australia may apply. Your Application for New Shares is subject to all requisite authorities and clearances being obtained for The Star to lawfully receive your Application Money.

### NEW ZEALAND

The New Shares are not being offered to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021.

This Retail Offer Booklet has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013. This Retail Offer Booklet is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

### UNITED STATES

None of this Retail Offer Booklet, the personalised Entitlement and Acceptance Form accompanying it, the Investor Presentation nor any accompanying ASX announcements constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Neither this Retail Offer Booklet (or any part of it), the personalised Entitlement and Acceptance Form, the Investor Presentation nor any accompanying ASX announcement when made available, may be distributed or released in the United States.

Neither the Entitlements nor the New Shares have been, or will be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements issued in the Retail Entitlement Offer may not be taken up or exercised by, and the New Shares issued pursuant to the Retail Entitlement Offer may not be offered or sold, directly or indirectly, in the United States or to any person acting for the account or benefit of a person in the United States (to the extent that the person holds shares for the account or benefit of a person in the United States). The Entitlements and the New Shares to be offered and sold in the Retail Entitlement Offer may only be offered and sold outside the United States in "offshore transactions" (as defined in Rule 902(h) under the US Securities Act) in reliance on Regulation S under the US Securities Act.

### DEFINITIONS, CURRENCY AND TIME

Defined terms used in this Retail Offer Booklet are contained in Section 7 of this Retail Offer Booklet. All references to time are to Australian Eastern Daylight Time (**AEDT**), unless otherwise indicated.

All references to "\$" are to Australian dollars unless otherwise noted.

### TAXATION

There will be tax implications associated with participating in the Retail Entitlement Offer and receiving New Shares. Section 6 of this Retail Offer Booklet provides a general guide to the Australian income tax, goods and services tax and stamp duty implications of the Retail Entitlement Offer for Eligible Retail Shareholders. The guide does not take account of the individual circumstances of particular Eligible Retail Shareholders and does not constitute tax advice. Neither the Company nor any of its Beneficiaries (defined below), accepts any liability or responsibility in respect of any statement concerning taxation consequences, or in respect of the taxation consequences. The Star recommends that you consult your professional tax adviser in connection with the Retail Entitlement Offer.

### PRIVACY

The Star collects information about each Applicant provided on an Applicant's personalised Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's shareholding in The Star.

By submitting your personalised Entitlement and Acceptance Form, you will be providing personal information to The Star (directly or through its Share Registry). The Star collects, holds and will use that information to assess your Application. The Star collects your personal information to process and administer your shareholding in The Star and to provide related services to you. The Star may disclose your personal information for purposes related to your shareholding in The Star, including to its Share Registry, The Star's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory bodies. The Star's Privacy Policy, available at [www.starentertainmentgroup.com.au/privacy-policy](http://www.starentertainmentgroup.com.au/privacy-policy), explains how The Star will store personal information and how you may access, correct or complain about the handling of personal information.

### GOVERNING LAW

This Retail Offer Booklet, the Retail Entitlement Offer and the contracts formed on acceptance of the Applications are governed by the law of New South Wales, Australia. Each Applicant submits to the exclusive jurisdiction of the courts of New South Wales, Australia.

### NO REPRESENTATIONS

No person is authorised to give any information or to make any representation in connection with the Retail Entitlement Offer which is not contained in this Retail Offer Booklet. Any information or representation in connection with the Retail Entitlement Offer not contained in the Retail Offer Booklet may not be relied upon as having been authorised by The Star or its related bodies corporate or affiliates or any of their respective directors, officers, employees, partners, consultants, contractors, agents, advisers or representatives (**Beneficiaries**). Except as required by law, and only to the extent so required, none of The Star or any of its respective Beneficiaries, nor any other person, warrants or guarantees the future performance of The Star or any return on any investment made pursuant to this Retail Offer Booklet.

### PAST PERFORMANCE

Investors should note that any past performance and pro forma historical information given in this Retail Offer Booklet is provided for illustrative purposes only and should not be relied upon as, and is not, an indication of future performance of The Star, including future share price performance.

### FUTURE PERFORMANCE AND FORWARD-LOOKING STATEMENTS

This Retail Offer Booklet contains certain "forward-looking statements". The words "forecast", "estimate", "likely", "anticipate", "believe", "expect", "project", "opinion", "predict", "outlook", "guidance", "intend", "should", "could", "may", "target", "plan", "project", "consider", "foresee", "aim", "will", "seek" and other similar expressions are intended to identify forward-looking statements.

<sup>1</sup> © registered to BPAY Pty Ltd ABN 69 079 137 518.

Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements, and include statements in this Retail Offer Booklet regarding the potential impact of regulatory outcomes and pecuniary penalties, class action proceedings (and any contingent liabilities associated with those matters), the outcome of the Offer, the use of proceeds, the future performance of The Star post-Offer, The Star's outstanding debt, and The Star's outlook for FY23.

Forward-looking statements, opinions and estimates provided in this Retail Offer Booklet are based on assumptions and contingencies which are subject to change without notice and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of The Star and its Beneficiaries. This includes statements about market and industry trends, which are based on interpretations of current market conditions. Refer to the "Key Risks" in slides 29 to 53 of the Investor Presentation for a summary of certain risk factors that may affect The Star (see Section 4 of this Retail Offer Booklet).

**Investors are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the ongoing COVID-19 pandemic, current economic climate, geopolitical tensions including the conflict in Ukraine and the significant volatility, uncertainty and disruption caused by the regulatory issues impacting The Star.**

Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may vary materially from those expressed or implied in those statements and any projections and assumptions on which these statements are based. These statements may assume the success of The Star's business strategies including following completion of the Offer, the success of which may not be realised within the period for which the forward-looking statements may have been prepared, or at all.

No guarantee, representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns, statements or tax treatment in relation to future matters contained in this Retail Offer Booklet. The forward-looking statements are based only on information available to The Star as at the date of this Retail Offer Booklet (or as otherwise expressly specified). Except as required by applicable laws or regulations, none of The Star, its representatives or advisers undertake any obligation to provide any additional or updated information or revise the forward-looking statements or other statements in this Retail Offer Booklet, whether as a result of a change in expectations or assumptions, new information, future events, results or circumstances.

#### INFORMATION AND LIABILITY

To the maximum extent permitted by law, each of The Star, the Underwriters their respective Beneficiaries exclude and expressly disclaim:

- all duty and liability (including, without limitation, any liability arising from fault, negligence or negligent misstatement) for any expenses, losses, damage or costs incurred by you as a result of your participation in, or failure to participate in, the Offer or the information in this Retail Offer Booklet being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise;
- any obligations or undertaking to release any updates or revisions to the information in this Retail Offer Booklet to reflect any change in expectations or assumptions; and
- all liabilities in respect of, and make no representation or warranty, express or implied, as to the fairness, currency, accuracy, reliability or completeness of information in this Retail Offer Booklet or any constituent or associated presentation, information or material, or the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects or returns (or any event or results expressed or implied in any forward-looking statement) contained in or implied by the information in this Retail Offer Booklet or any part of it, or that this Retail Offer Booklet contains all material information about The Star or which a prospective investor or purchaser may require in evaluating a possible investment in The Star or acquisition of securities in The Star.

The Underwriters and their respective Beneficiaries:

- have not independently verified any of the information in this Retail Offer Booklet and take no responsibility for any part of this Retail Offer Booklet or the Offer;
- have not authorised, permitted or caused the issue, lodgement, submission, dispatch or provision of this Retail Offer Booklet;
- make no recommendations as to whether you or your related parties should participate in the Offer nor do they make any representations or warranties to you concerning the Offer; and
- do not make or purport to make any statements in this Retail Offer Booklet and there is no statement in this Retail Offer Booklet which is based on any statement by any of them.

You represent, warrant and agree that you have not relied on any statements made by the Underwriters or their respective Beneficiaries in relation to the Offer and you further expressly disclaim that you are in a fiduciary relationship with any of them. You undertake that you will not seek to sue or hold the Underwriters and their respective Beneficiaries liable in any respect in connection with this Retail Offer Booklet or the Offer (to the maximum extent permitted by law).

You acknowledge and agree that:

- determination of eligibility of investors for the purposes of the Offer is determined by reference to a number of matters, including legal and regulatory requirements and the discretion of The Star and the Underwriters. You further acknowledge and agree that each of The Star and the Underwriters and their respective Beneficiaries exclude and expressly disclaim any duty or liability (including, without limitation, any liability arising from fault, negligence or negligent misstatement) in respect of the exercise or otherwise of that discretion, to the maximum extent permitted by law;
- your existing holding (if any) will be estimated by reference to The Star's beneficial register on Monday, 27 February 2023 which shows historical holdings as at that date and is not up to date. There will be no verification or reconciliation of the holdings as shown in the historical beneficial register and accordingly this may not truly reflect your actual holding. The Star and the Underwriters do not have any obligation to reconcile assumed holdings (eg for recent trading or swap positions) when determining allocations nor do they have any obligation to allocate pro rata on the basis of existing securityholdings. If you do not reside in a permitted Offer jurisdiction for the relevant tranche of the Offer you will not be able to participate in that tranche of the Offer;
- although unlikely to arise due to The Star's allocations plan for the Offer, to the extent necessary, The Star will not accept any applications, bids or subscriptions for, and will adjust any allocations or scale back under, the Offer as required to avoid any contravention of the ownership restrictions in The Star's Constitution (Ownership Restrictions – for further details, see the risk titled "Consequences of breach of shareholding restrictions" in the "Key Risks" in slides 29 to 53 of the Investor Presentation (see Section 4 of this Retail Offer Booklet));
- subject to the Ownership Restrictions, allocations are at the sole discretion of the Underwriters and/or The Star. The Underwriters and The Star disclaim any duty or liability (including, without limitation, any liability arising from fault, negligence or negligent misstatement) in respect of the exercise or otherwise of that discretion (including, without limitation, where based on your assumed holding, if any), to the maximum extent permitted by law; and
- The Star reserves the right to change the timetable with the prior written consent of the Underwriters, including by closing the Offer early, withdrawing the Offer entirely or extending the Offer closing time (generally or for particular investor(s)) in its absolute discretion (but has no obligation to do so), without recourse to it or notice to you. Furthermore, communications that a transaction is "covered" (i.e. aggregate demand indications exceed the amount of the security offered) are not an assurance that the transaction will be fully distributed.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include trading, financing, corporate advisory, financial advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Underwriters and their respective affiliates have provided, and may in the future provide, financial advisory, financing services and other services to The Star and to persons and entities with relationships with The Star, for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Underwriters and their respective affiliates may act as market maker or purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and those investment and trading activities may involve or relate to assets, securities and/or instruments of The Star, and/or persons and entities with relationships with The Star. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market colour or trading ideas and/or publish or express independent research views in respect of those assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in those assets, securities and instruments.

In connection with the Offer, one or more investors may elect to acquire an economic interest in the New Shares (**Economic Interest**), instead of subscribing for or acquiring the legal or beneficial interest in those shares. The Underwriters (or their respective affiliates) may, for their own respective accounts, write derivative transactions with those investors relating to the New Shares to provide the Economic Interest, or otherwise acquire shares in The Star in connection with the writing of those derivative transactions in the Offer and/or the secondary market. As a result of those transactions, the Underwriters (or their respective affiliates) may be allocated, subscribe for or acquire New Shares or shares of The Star in the Offer and/or the secondary market, including to hedge those derivative transactions, as well as hold long or short positions in those shares. These transactions may, together with other shares in The Star acquired by the Underwriters (or their respective affiliates) in connection with their ordinary course sales and trading, principal investing and other activities, result in the Underwriters (or their respective affiliates) disclosing a substantial holding and earning fee.

The Underwriters (and/or their respective affiliates) may also receive and retain other fees, profits and financial benefits in each of the above capacities and in connection with the above activities, including in their capacity as Underwriters.

#### **RISKS**

An investment in New Shares is subject to investment and other known and unknown risks, some of which are beyond the control of The Star, including possible delays in repayment and loss of income and principal invested. The Star does not guarantee any particular rate of return or the performance of The Star, nor does it guarantee the repayment of capital from The Star or any particular tax treatment.

Shareholders should refer to the "Key Risks" in slides 29 to 53 of the Investor Presentation (see Section 4 of this Retail Offer Booklet) for a summary of general and specific risk factors that may affect The Star.

#### **TRADING NEW SHARES**

To the maximum extent permitted by law, The Star, the Underwriters, the Share Registry, the Star's mailing house and each of their respective Beneficiaries will have no responsibility and disclaim all liability (to the maximum extent permitted by law) to persons who trade New Shares they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by The Star or its Share Registry or otherwise, or who otherwise trade or purport to trade New Shares in error or which they do not hold or are not entitled to.

If you are in any doubt, as to these matters you should first consult with your stockbroker, solicitor, accountant or other independent professional adviser.

#### **NO ENTITLEMENTS TRADING**

Entitlements are non-renounceable and cannot be traded on ASX or any other exchange, cannot be sold nor can they be privately transferred or otherwise disposed of.

#### **ELECTRONIC COMMUNICATIONS**

If you are accessing your personalised Entitlement and Acceptance Form and the Retail Offer Booklet on an internet website, you understand that you are responsible for protecting against viruses and other destructive items which might compromise confidentiality and your details. Your use of the online Retail Offer Booklet or The Star's Entitlement Offer website which can be accessed at [www.starentertainmentgroup.com.au/investor-centre](http://www.starentertainmentgroup.com.au/investor-centre) is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses, items of a destructive nature or items which might compromise confidentiality.

If you are receiving this Retail Offer Booklet in an electronic form, you are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of The Star, the Underwriters, the Share Registry, The Star's mailing house or any of their respective Beneficiaries accepts any liability or responsibility whatsoever (including for any fault or negligence) in respect of any difference between the document distributed to you in electronic format and the hard copy version available to you on request from the Share Registry.

#### **GENERAL**

The information in this Retail Offer Booklet remains subject to change without notice, and The Star is not responsible for updating this Retail Offer Booklet. The Star may in its absolute discretion, but without being under any obligation to do so, update or supplement this Retail Offer Booklet. Any further information will be provided subject to the terms and conditions contained in this "Important Notices".

**THIS DOCUMENT HAS BEEN AUTHORISED FOR RELEASE TO ASX BY THE STAR BOARD OF DIRECTORS.**



## LETTER FROM THE CHAIRMAN

Thursday, 2 March 2023

Dear Shareholder

On behalf of the Board of The Star Entertainment Group Limited (**Company** or **The Star**), I invite you to participate in the non-renounceable entitlement offer of new fully paid ordinary shares in The Star (**New Shares**) at an issue price of \$1.20 (**Offer Price**) per New Share (**Entitlement Offer**).

The Entitlement Offer forms part of the capital raising announced by The Star on Thursday, 23 February 2023. The Entitlement Offer is being conducted in conjunction with a placement of New Shares to institutional investors (**Placement**)<sup>2</sup> to raise in aggregate approximately \$800 million (together, the **Offer**).

As announced on Friday, 24 February 2023, The Star has successfully completed the Institutional Entitlement Offer and the Placement. The Institutional Entitlement Offer and the Placement together raised approximately \$594 million<sup>3</sup>. New Shares are expected to be issued under the Institutional Entitlement Offer and the Placement on Tuesday, 7 March 2023.

This Retail Offer Booklet relates to the Retail Entitlement Offer.

The Star's joint venture partners, Chow Tai Fook Enterprises Limited and Far East Consortium International Limited, have provided binding pre-commitments for approximately \$80 million, which equates to their functional pro rata entitlement in the Offer<sup>4</sup>. The balance of the Retail Entitlement Offer is underwritten.

### USE OF PROCEEDS

Net proceeds from the Offer will be used to repay debt and increase liquidity, and provides The Star with increased financial flexibility to meet the capital requirements provisioned for, and to navigate various operating and regulatory uncertainties.

### RETAIL ENTITLEMENT OFFER

Under the Retail Entitlement Offer, Eligible Retail Shareholders have the opportunity to invest at the same price as the institutional investors who participated in the Institutional Entitlement Offer and the Placement.

Under the Retail Entitlement Offer, Eligible Retail Shareholders can subscribe for 3 New Shares for every 5 Existing Shares they hold as at 7.00pm (AEDT) on Monday, 27 February 2023 (**Record Date**) at an issue price of \$1.20 per New Share (being the Offer Price).

The Offer Price under the Retail Entitlement Offer is the same Offer Price as for the Institutional Entitlement Offer and the Placement, and represents a:

- discount of 13.6% to the TERP<sup>5</sup> (including the Placement) of \$1.39 on Tuesday, 21 February 2023; and

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<sup>2</sup> Directors have not participated in the Placement as they are not permitted to under the Listing Rules without shareholder approval. The Placement is within The Star's current placement capacity, as upsize by a Listing Rule 7.1 "supersize" waiver granted by ASX, which allows placement capacity to be calculated based on the number of shares that may be issued under the underwritten component of the Entitlement Offer.

<sup>3</sup> This amount is current as at Monday, 27 February 2023 and is subject to final reconciliations being determined under the Institutional Entitlement Offer.

<sup>4</sup> Being Chow Tai Fook Enterprises Limited and Far East Consortium International Limited's pro rata entitlement under the Entitlement Offer and their pro rata allocation under the Placement.

<sup>5</sup> Theoretical ex-rights price (**TERP**) includes Shares issued under the Institutional Entitlement Offer, the Retail Entitlement Offer and the Placement. TERP is the theoretical price at which Shares should trade immediately after the ex-date for the Offer based only on the last traded price and issuance of shares at the Offer Price under the Entitlement Offer and here, the Placement. TERP is a theoretical calculation only and the actual price at which the Shares trade on ASX immediately after the ex-date for the Offer depends on many factors and may be different to TERP. TERP is calculated by reference to the closing price of the Shares as traded on ASX of \$1.52 on Tuesday, 21 February 2023, being the last trading day prior to the announcement of the Offer.

- discount of 21.1% to the last closing price of \$1.52 on Tuesday, 21 February 2023.

New Shares issued under the Offer will rank equally with Existing Shares.

The number of New Shares which you are entitled to subscribe for under the Retail Entitlement Offer is set out in your personalised Entitlement and Acceptance Form that will accompany this Retail Offer Booklet when it is despatched to Eligible Retail Shareholders on Thursday, 2 March 2023.

Shareholders in the United States are not eligible to participate in the Retail Entitlement Offer. Similarly, Shareholders (including nominees and custodians) who hold Shares on behalf of persons in the United States, or who are acting for the account or benefit of persons in the United States, are not eligible to participate in the Retail Entitlement Offer on behalf of those persons.

Your Entitlement may have value and it is important that you determine whether to take up or do nothing in respect of your Entitlement. The Entitlement Offer is non-renounceable, which means your Entitlement will not be tradeable on ASX or any other exchange, they cannot be sold, and they cannot be privately transferred or otherwise disposed of. This means that Eligible Retail Shareholders who do not take up their full Entitlement will not receive any payment or value for those Entitlements and their percentage holding in The Star will be reduced.

## HOW TO APPLY

To participate in the Retail Entitlement Offer, please ensure that you validly accept your offer, before 5.00pm (AEDT) on Monday, 13 March 2023 (unless extended). You can accept by paying your Application Money via BPAY®. If you choose to pay via BPAY®, while you are not required to submit the Entitlement and Acceptance Form, you will be taken to make the declarations, acknowledgements, representations, warranties and other confirmations on the Entitlement and Acceptance Form and in this Retail Offer Booklet (including, without limitation, those outlined in Section 3.11 of this Retail Offer Booklet). Detailed payment instructions are set out in the personalised Entitlement and Acceptance Form that accompanies this Retail Offer Booklet.

You should seek appropriate professional advice before making any investment decision. An investment in New Shares is subject to investment and other known and unknown risks. Please refer to the “Key Risks” in slides 29 to 53 of the Investor Presentation (see Section 4 of this Retail Offer Booklet) for a summary of the general and specific risk factors that may affect The Star and any investment in New Shares.

If you have any questions about the Retail Entitlement Offer, please contact the Offer Information Line on [1300 880 923](tel:1300880923) (from within Australia) or [+61 1300 880 923](tel:+611300880923) (from outside Australia) at any time between 8.30am to 5.30pm (AEDT), Monday to Friday during the Retail Entitlement Offer Period or visit our website at [www.starentertainmentgroup.com.au/investor-centre](http://www.starentertainmentgroup.com.au/investor-centre).

The Board encourages you to consider participating in the Retail Entitlement Offer and thanks you for your continued support of The Star.

Yours faithfully



**Ben Heap, Chairman**  
**The Star Entertainment Group Limited**



## SUMMARY OF OFFER<sup>6</sup>

INSTITUTIONAL ENTITLEMENT OFFER	
<b>Ratio</b>	3 New Shares for every 5 Existing Shares held
<b>Offer Price</b>	\$1.20 per New Share
<b>Size</b>	Approximately 399 million New Shares <sup>7</sup>
<b>Gross proceeds</b>	Approximately \$479 million <sup>8</sup>
RETAIL ENTITLEMENT OFFER	
<b>Ratio</b>	3 New Shares for every 5 Existing Shares held (same as the Institutional Entitlement Offer)
<b>Offer Price</b>	\$1.20 per New Share (same as the Institutional Entitlement Offer and the Placement)
<b>Size</b>	Seeking to issue approximately 172 million New Shares <sup>9</sup>
<b>Gross proceeds</b>	Seeking to raise approximately \$206 million <sup>10</sup>
EXPECTED TOTAL GROSS PROCEEDS	
<b>Expected total gross proceeds of the Entitlement Offer</b>	Approximately \$685 million
<b>Expected total gross proceeds of the Placement</b>	Approximately \$115 million
<b>Expected total gross proceeds of the Offer</b>	Approximately \$800 million

## KEY DATES

ACTIVITY	DATE
Announcement of the Entitlement Offer and the Placement <ul style="list-style-type: none"> <li>Institutional Entitlement Offer and the Placement opens (before market opens)</li> <li>Institutional Entitlement Offer and the Placement closes</li> </ul>	Thursday, 23 February 2023
Announcement of results of the Institutional Entitlement Offer and the Placement	Friday, 24 February 2023
<b>Record Date for determining eligibility for the Retail Entitlement Offer (7.00pm AEDT)</b>	Monday, 27 February 2023

<sup>6</sup> The metrics used in this Retail Offer Booklet are subject to rounding.

<sup>7</sup> The split between the Institutional Entitlement Offer and Retail Entitlement Offer is current as at Monday, 27 February 2023 and is subject to final reconciliations being determined.

<sup>8</sup> Refer to footnote 7.

<sup>9</sup> Refer to footnote 7.

<sup>10</sup> Refer to footnote 7.

ACTIVITY	DATE
<b>Retail Entitlement Offer Opening Date</b> <ul style="list-style-type: none"> <li>Retail Offer Booklet despatched to Eligible Retail Shareholders</li> </ul>	Thursday, 2 March 2023
Settlement of New Shares issued under the Institutional Entitlement Offer and the Placement	Monday, 6 March 2023
New Shares issued under the Institutional Entitlement Offer and the Placement commence trading	Tuesday, 7 March 2023
<b>Retail Entitlement Offer closes (5.00pm AEDT)</b>	Monday, 13 March 2023
Announcement of results of Retail Entitlement Offer	Thursday, 16 March 2023
Settlement of New Shares issued under the Retail Entitlement Offer	Friday, 17 March 2023
Allotment of New Shares issued under the Retail Entitlement Offer	Monday, 20 March 2023
Normal ASX trading commences and despatch of holding statements for New Shares issued under the Retail Entitlement Offer	Tuesday, 21 March 2023

*This timetable above (and each reference to it or to dates in it in this Retail Offer Booklet) is indicative only and subject to change without notice. All times and dates in the timetable refer to Australian Eastern Daylight Time (AEDT). The Star reserves the right to amend any or all of these dates and times subject to the Corporations Act, the Listing Rules and other applicable laws. In particular, The Star reserves the right to extend the Closing Date for the Retail Entitlement Offer, to accept late Applications under the Retail Entitlement Offer (either generally or in particular cases) and to withdraw the Retail Entitlement Offer, without prior notice at its absolute discretion. Any extension of the Closing Date may have a consequential effect on the allotment date of New Shares. The quotation of New Shares is subject to confirmation from ASX.*

*To the maximum extent permitted by law, The Star also reserves the right not to proceed with the Offer in whole or in part at any time prior to allotment and issue of the New Shares for the relevant part of the Offer. In that event, the relevant Application Money (without interest) will be returned in full to the relevant Applicants.*

*Eligible Retail Shareholders wishing to participate in the Retail Entitlement Offer are encouraged to submit their Entitlement and Acceptance Form or make payment by BPAY® (or, for Eligible Retail Shareholders in New Zealand only, EFT and submit their Entitlement and Acceptance Form) as soon as possible after the Retail Entitlement Offer opens.*

*Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your Application once it has been accepted.*

## ENQUIRIES

If you have any doubt about whether you should participate in the Retail Entitlement Offer, you should seek professional financial advice from your stockbroker, solicitor, accountant or other independent professional adviser before making any investment decision.

If you have questions on how to complete the Entitlement and Acceptance Form or how to take up your Entitlement or have lost your Entitlement and Acceptance Form and would like a replacement form, please call the Offer Information Line on [1300 880 923](tel:1300880923) (within Australia) and [+61 1300 880 923](tel:+611300880923) (outside of Australia) between 8.30am to 5.30pm (AEDT) Monday to Friday during the Retail Entitlement Offer Period.

Your personalised entitlement and acceptance form and payment details can be accessed by contacting the Share Registry at [1300 880 923](tel:1300880923).

Eligible Retail Shareholders accessing the electronic version of this Retail Offer Booklet should ensure that they download and read the entire Retail Offer Booklet. The electronic version of this Retail Offer Booklet on The Star's website will not include an Entitlement and Acceptance Form.

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# 1 SUMMARY OF OPTIONS AVAILABLE TO YOU

If you are an Eligible Retail Shareholder,<sup>11</sup> you may take one of the following actions:

- take up all of your Entitlement by 5.00pm (AEDT) on the Closing Date (see Section 3.3 of this Retail Offer Booklet);
- take up part of your Entitlement by 5.00pm (AEDT) on the Closing Date and allow the balance to lapse, in which case you will receive no value for your lapsed Entitlement (see Section 3.4 of this Retail Offer Booklet); or
- do nothing, in which case your Entitlement will lapse and you will receive no value for your lapsed Entitlement (see Section 3.5 of this Retail Offer Booklet).

If you are a retail Shareholder that is not an Eligible Retail Shareholder, you are an **Ineligible Retail Shareholder**. Ineligible Retail Shareholders are not entitled to participate in the Entitlement Offer.

OPTIONS AVAILABLE TO YOU	KEY CONSIDERATIONS
<p><b>Option 1:</b> Take up all of your Entitlement by 5.00pm (AEDT) on the Closing Date</p>	<ul style="list-style-type: none"> <li>• You may elect to purchase New Shares at the Offer Price (see Section 3 of this Retail Offer Booklet for instructions on how to take up your Entitlement).</li> <li>• The New Shares will rank equally in all respects with Existing Shares from their date of issue.</li> <li>• The Retail Entitlement Offer closes at 5.00pm (AEDT) on Monday, 13 March 2023 (<b>Closing Date</b>).</li> </ul>
<p><b>Option 2:</b> Take up part of your Entitlement by 5.00pm (AEDT) on the Closing Date</p>	<ul style="list-style-type: none"> <li>• If you do not take up your Entitlement in full, those Entitlements not taken up will lapse and you will not receive any payment or value for them.</li> <li>• Your Entitlement to participate in the Retail Entitlement Offer is non-renounceable, which means it is non-transferrable and cannot be traded on ASX or any other exchange, cannot be sold nor can it be privately transferred or disposed of.</li> <li>• If you do not take up your Entitlement in full, you will have your percentage holding in The Star reduced as a result of the Entitlement Offer and the Placement.</li> </ul>
<p><b>Option 3:</b> Do nothing, in which case your Entitlement will lapse and you will receive no value for your lapsed Entitlements</p>	<ul style="list-style-type: none"> <li>• If you do not take up your Entitlement, you will not be allocated New Shares and your Entitlement will lapse.</li> <li>• Your Entitlement to participate in the Retail Entitlement Offer is non-renounceable, which means it is non-transferrable and cannot be traded on ASX or any other exchange, cannot be sold nor can it be privately transferred or disposed of.</li> <li>• If you do not take up your Entitlement, you will not receive any payment or value for your Entitlement and you will have your percentage holding in The Star reduced as a result of the Entitlement Offer and the Placement.</li> </ul>

<sup>11</sup> See Section 2.4 of this Retail Offer Booklet.

## 2 OVERVIEW OF THE OFFER

### 2.1 OVERVIEW

Under the Entitlement Offer, The Star is offering Eligible Shareholders the opportunity to subscribe for 3 New Shares for every 5 Existing Shares held on the Record Date. The Offer Price per New Share is \$1.20.

The Star has also conducted a Placement to certain Institutional Investors which raised approximately \$115 million.

The Star will use the proceeds of the Offer to repay debt and increase liquidity – providing The Star with enhanced financial flexibility to help navigate a range of operating and regulatory uncertainties.

The Entitlement Offer has two components:

- (a) the **Institutional Entitlement Offer** – Eligible Institutional Shareholders were given the opportunity to take up all or part of their Entitlement, and a bookbuild process to sell Entitlements not taken up by Eligible Institutional Shareholders as well as New Shares that otherwise would have been offered to Ineligible Shareholders was carried out. The Institutional Entitlement Offer raised approximately \$479 million<sup>12</sup>; and
- (b) the **Retail Entitlement Offer** (to which this Retail Offer Booklet relates) – Eligible Retail Shareholders will be given the opportunity to take up all or part of their Entitlement or do nothing in respect of their Entitlement. The underwritten component of the Retail Entitlement Offer is looking to raise approximately \$206 million<sup>13</sup>.

Both the Institutional Entitlement Offer and the Retail Entitlement Offer are non-renounceable. Accordingly, Entitlements cannot be traded on ASX or any other exchange, nor can they be sold, privately transferred or otherwise disposed of.

New Shares issued under the Retail Entitlement Offer are to be issued at the same price as New Shares issued under the Institutional Entitlement Offer and the Placement. In addition, Eligible Shareholders' Entitlements under the Institutional Entitlement Offer and the Retail Entitlement Offer are calculated based on the same ratio.

The Star's joint venture partners, Chow Tai Fook Enterprises Limited and Far East Consortium International Limited, have provided binding pre-commitments for approximately \$80 million, which equates to their functional pro rata entitlement in the Offer<sup>14</sup>.

The balance of the Offer is underwritten by the Underwriters in accordance with the terms of the Underwriting Agreement (see Section 5.5 of this Retail Offer Booklet).

### 2.2 INSTITUTIONAL ENTITLEMENT OFFER AND PLACEMENT

The Star has already raised approximately \$594 million<sup>15</sup> from Institutional Investors as part of the Institutional Entitlement Offer and the Placement, at \$1.20 per New Share.<sup>16</sup>

New Shares are expected to be issued under the Institutional Entitlement Offer and the Placement on Tuesday, 7 March 2023.

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<sup>12</sup> Refer to footnote 7.

<sup>13</sup> Refer to footnote 7.

<sup>14</sup> Being Chow Tai Fook Enterprises Limited and Far East Consortium International Limited's pro rata entitlement under the Entitlement Offer and their pro rata allocation under the Placement.

<sup>15</sup> Refer to footnote 7.

<sup>16</sup> Settlement of the Institutional Entitlement Offer and the Placement is due to occur on Monday, 6 March 2023 and is subject to certain conditions and termination events. See Section 5.5 of this Retail Offer Booklet.



## 2.3 RETAIL ENTITLEMENT OFFER

The Retail Entitlement Offer is being made pursuant to section 708AA of the Corporations Act (as notionally modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84* and *ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73*) which allows entitlement offers to be offered without a prospectus, provided certain conditions are satisfied.

As a result, the Retail Entitlement Offer is not being made under a prospectus and it is important for Eligible Retail Shareholders to read and understand the information on The Star and the Retail Entitlement Offer made publicly available prior to taking up all or part of their Entitlement. In particular, please refer to the materials in Section 4 of this Retail Offer Booklet, other announcements made by The Star (available at [www.asx.com.au](http://www.asx.com.au)) and all other parts of this Retail Offer Booklet carefully before making any decisions in relation to your Entitlement.

The Retail Entitlement Offer consists of an offer to Eligible Retail Shareholders, who are invited to apply for 3 New Shares for every 5 Existing Shares held on the Record Date. The Offer Price of \$1.20 per New Share represents a:

- discount of 13.6% to the TERP<sup>17</sup> (including the Placement) of \$1.39 on Tuesday, 21 February 2023; and
- discount of 21.1% to the last closing price of \$1.52 on Tuesday, 21 February 2023.

The Retail Entitlement Offer opens at 9.00am (AEDT) on Thursday, 2 March 2023. This is also the date when the Retail Offer Booklet will be despatched or made available online, along with a personalised Entitlement and Acceptance Form (where applicable), to Eligible Retail Shareholders. The Retail Entitlement Offer is expected to close at 5.00pm (AEDT) on Monday, 13 March 2023 (being the **Closing Date**).

Please consult your stockbroker, solicitor, accountant or other independent professional adviser if you have any queries or are uncertain about any aspect of the Retail Entitlement Offer. In particular, please refer to the “Key Risks” in slides 29 to 53 of the Investor Presentation (see Section 4 of this Retail Offer Booklet).

## 2.4 ELIGIBILITY OF RETAIL SHAREHOLDERS

The Retail Entitlement Offer is being offered to all Eligible Retail Shareholders only.

**Eligible Retail Shareholders** are Shareholders who:

- (a) are registered as a holder of Existing Shares on The Star’s share register on the Record Date, being 7.00pm (AEDT) Monday, 27 February 2023;
- (b) have a registered address in Australia or New Zealand on the Record Date as noted on The Star’s share register or are persons that The Star has determined in its discretion are Eligible Retail Shareholders;
- (c) are not in the United States and are not acting for the account or benefit of a person in the United States;
- (d) the Company determines in its absolute discretion did not receive an invitation to participate in, or were otherwise ineligible to participate in, the Institutional Entitlement Offer and were not treated as Ineligible Institutional Shareholders under the Institutional Entitlement Offer (other than as a nominee, trustee or custodian, in each case in respect of other underlying holdings); and

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<sup>17</sup> Refer to footnote 5.

- (e) are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer without a prospectus or other disclosure document or any lodgement, filing, registration or qualification,

provided (for the avoidance of doubt) that if a Shareholder (including a nominee, trustee or custodian) is acting for the account or benefit of a person in the United States, it may not participate in the Retail Entitlement Offer on behalf of that person.

**Ineligible Retail Shareholders** are Shareholders who are not Eligible Retail Shareholders, Eligible Institutional Shareholders, or Ineligible Institutional Shareholders.

The Star has determined that it would be unreasonable to extend the Retail Entitlement Offer to Ineligible Retail Shareholders after taking into account the legal and regulatory requirements in certain countries and because of the relatively small number of those Shareholders in certain countries, the number and value of New Shares those Shareholders would otherwise be entitled to and the cost of complying with the applicable laws and the requirements of any regulatory authority in jurisdictions outside Australia and New Zealand, but reserves its right to do so (subject to compliance with relevant laws).

## 3 HOW TO APPLY

### 3.1 YOUR ENTITLEMENT

An Entitlement and Acceptance Form setting out your Entitlement (calculated as 3 New Shares for every 5 Existing Shares held on the Record Date with fractional entitlements rounded up to the nearest whole number of New Shares) will accompany this Retail Offer Booklet when it is despatched to Eligible Retail Shareholders. Eligible Retail Shareholders may subscribe for all or part of their Entitlement.

If you have more than one registered holding of Shares, you will be sent more than one Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding.

Any New Shares not taken up by the Closing Date of the Retail Entitlement Offer may be made available to the Underwriters and sub-underwriters.

Please note that the Entitlement stated on your Entitlement and Acceptance Form may be in excess of the actual Entitlement you may be permitted to take up where, for example, you are holding Shares on behalf of a person in the United States (refer to the definition of Eligible Retail Shareholders in Section 2.4 of this Retail Offer Booklet).

Eligible Retail Shareholders who hold Shares in the capacity of a nominee, trustee or custodian (or in any other capacity) for a person that is in the United States, or who are otherwise acting for the account or benefit of a person in the United States, cannot take up Entitlements or purchase New Shares on behalf of that person. See Section 3.13 of this Retail Offer Booklet for the notice to nominees, trustees and custodians.

Eligible Retail Shareholders should be aware that an investment in The Star involves both known and unknown risks. These risks include the possible loss of income and principal invested. The Star does not guarantee any particular rate of return or the performance of the New Shares offered under the Retail Entitlement Offer or the performance of The Star, nor does it guarantee repayment of capital from The Star. The key risks identified by The Star are set out in slides 29 to 53 of the Investor Presentation (see Section 4 of this Retail Offer Booklet).

**All Eligible Retail Shareholders who apply to participate in the Retail Entitlement Offer are taken to make the declarations, acknowledgements, representations, warranties and other confirmations on the Entitlement and Acceptance Form and in this Retail Offer Booklet (including, without limitation, in Section 3.11 of this Retail Offer Booklet).**

### 3.2 OPTIONS AVAILABLE TO YOU

The number of New Shares to which Eligible Retail Shareholders are entitled is shown on the Entitlement and Acceptance Form that accompanies this Retail Offer Booklet. Eligible Retail Shareholders may:

- (a) **Option 1:** take up their Entitlement in full by 5.00pm (AEDT) on the Closing Date (see Section 3.3 of this Retail Offer Booklet);
- (b) **Option 2:** take up part of their Entitlement by 5.00pm (AEDT) on the Closing Date, in which case the balance of their Entitlement would lapse (see Section 3.4 of this Retail Offer Booklet); or
- (c) **Option 3:** do nothing and allow their Entitlement to lapse (see Section 3.5 of this Retail Offer Booklet).

The Retail Entitlement Offer is an offer to Eligible Retail Shareholders only. Ineligible Retail Shareholders may not participate in the Retail Entitlement Offer.

The Star reserves the right to reject any Entitlement and Acceptance Form that is not correctly completed or reject any payment and / or Entitlement and Acceptance Form that is received after 5.00pm (AEDT) on the Closing Date.

If you do not accept all or part of your Entitlement in accordance with the instructions set out in this Retail Offer Booklet, those New Shares that you would have otherwise been entitled to under the Retail Entitlement Offer (including New Shares that relate to the portion of your Entitlement that has not been accepted) will be acquired by the Underwriters or any sub-underwriters.

By allowing your Entitlement to lapse, you will forgo any exposure to increases or decreases in the value of the New Shares had you taken up your Entitlement and you will not receive any payment or value for your Entitlement. Your proportionate interest in The Star will also be diluted by the Offer.

The Closing Date for acceptance of the Retail Entitlement Offer is expected to be **5.00pm (AEDT) on Monday, 13 March 2023** (however, that date may be varied by The Star, in accordance with the Listing Rules and applicable law).

### **3.3 OPTION 1: TAKING UP ALL OF YOUR ENTITLEMENT**

If you wish to take up all of your Entitlement, you are encouraged to make payment via BPAY® by following the instructions set out on the personalised Entitlement and Acceptance Form or available online at [www.starentertainmentgroup.com.au/investor-centre](http://www.starentertainmentgroup.com.au/investor-centre).

If you are a New Zealand Shareholder who does not have an Australian bank account or do not wish to pay via BPAY®, see Section 3.9 of this Retail Offer Booklet.

If The Star receives an amount that is more than your full Entitlement, that amount will be refunded as soon as practicable after the close of the Retail Entitlement Offer. No interest will be paid to Applicants on any Application Money received or refunded.

Payment must be received by the Share Registry by no later than 5.00pm (AEDT) on Monday, 13 March 2023 (being the Closing Date).

### **3.4 OPTION 2: TAKING UP PART OF YOUR ENTITLEMENT AND ALLOWING THE BALANCE TO LAPSE**

If you wish to take up part of your Entitlement, you are encouraged to make payment by following the instructions set out on the personalised Entitlement and Acceptance Form or available online at [www.starentertainmentgroup.com.au/investor-centre](http://www.starentertainmentgroup.com.au/investor-centre).

If you are a New Zealand Shareholder who does not have an Australian bank account or do not wish to pay via BPAY®, see Section 3.9 of this Retail Offer Booklet.

Payment must be received by the Share Registry by no later than 5.00pm (AEDT) on Monday, 13 March 2023 (being the Closing Date).

If The Star receives an amount that is less than the Offer Price multiplied by your Entitlement, your payment may be treated as an Application for as many New Shares as your Application Money will pay for in full.

Any Entitlements which you do not take up will lapse and will be acquired by the Underwriters or any sub-underwriters.

### **3.5 OPTION 3: ALLOWING YOUR ENTITLEMENT TO LAPSE**

If you take no action, you will not be issued New Shares and your Entitlement will lapse.

Any Entitlements which you do not take up will lapse and will be acquired by the Underwriters or any sub-underwriters.

### **3.6 CONSEQUENCES OF NOT TAKING UP ALL OR PART OF YOUR ENTITLEMENT**

If you do not take up all or part of your Entitlement in accordance with the instructions set out above, your Entitlements will lapse and those New Shares for which you would have otherwise been entitled under the Retail Entitlement Offer (including New Shares that relate to the portion of your Entitlement that has not been taken up) will be acquired by the Underwriters or any sub-underwriters.

By allowing all or part of your Entitlement to lapse, you will forgo any exposure to increases or decreases in the value of the New Shares representing that part of your Entitlement not taken up and you will not receive any payment or value for that part of your Entitlement. Your percentage interest in The Star will also be diluted to the extent that New Shares are issued under the Offer.

### **3.7 PAYMENT AND REFUNDS**

You are encouraged to pay your Application Money using BPAY® if possible (see Section 3.8 of this Retail Offer Booklet).

If you are a New Zealand Shareholder who does not have an Australian bank account or do not wish to pay via BPAY®, see Section 3.9 of this Retail Offer Booklet.

Cash payments will not be accepted. Receipts for payment will not be issued.

All payments must be in Australian dollars.

The Star will treat you as applying for as many New Shares as your payment will pay for in full up to your Entitlement.

Any Application Money received for more than your final allocation of New Shares will be refunded as soon as practicable after the close of the Retail Entitlement Offer. No interest will be paid to Applicants on any Application Money received or refunded.

Refund amounts, if any, will be paid in Australian dollars. You will be paid either by direct credit to the nominated bank account as noted on The Star's share register as at the Closing Date or by cheque sent by ordinary post to your address as recorded on The Star's share register (the registered address of the first-named in the case of joint holders).

If you wish to advise or change your banking instructions with the Share Registry you may do so by contacting the Share Registry at [1300 554 474](tel:1300554474) before the Closing Date.

### **3.8 PAYMENT BY BPAY®**

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form or available online at [www.starentertainmentgroup.com.au/investor-centre](http://www.starentertainmentgroup.com.au/investor-centre). You can only make payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

If you are paying by BPAY®, please make sure you use the specific Biller Code and your unique Customer Reference Number (**CRN**) on your Entitlement and Acceptance Form. If you have multiple holdings and consequently receive more than one personalised Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those holdings only use the CRN specific to that holding. If you do not use the correct CRN specific to that holding your Application will not be recognised as valid.

Please note that by paying by BPAY®:

- (a) you do not need to submit your personalised Entitlement and Acceptance Form but are taken to make the declarations, acknowledgements, representations, warranties and other confirmations on that Entitlement and Acceptance Form and in this Retail Offer Booklet (including, without limitation, Section 3.11 of this Retail Offer Booklet);
- (b) if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of the whole number of New Shares which is covered in full by your Application Money; and
- (c) if you pay for more than your full Entitlement, that additional amount will be refunded as soon as practicable after the close of the Retail Entitlement Offer. No interest will be paid to Applicants on any Application Money received or refunded.

**It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 5.00pm (AEDT) on Monday, 13 March 2023 (being the Closing Date).** You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration in the timing of when you make payment.

### **3.9 IF YOU ARE UNABLE TO PAY BY BPAY®**

The Star encourages payments by BPAY® if possible.

If you are a New Zealand Shareholder who does not have an Australian bank account or do not wish to pay via BPAY®, you may make payment by accessing EFT instructions with a personalised reference number via contacting the Share Registry at [capitalmarkets@linkmarketservices.com.au](mailto:capitalmarkets@linkmarketservices.com.au).

If you make payment by EFT, you must return your completed personalised Entitlement and Acceptance Form to the Share Registry via contacting the Share Registry at [capitalmarkets@linkmarketservices.com.au](mailto:capitalmarkets@linkmarketservices.com.au). **It is your responsibility to ensure that your payment via EFT and your completed personalised Entitlement and Acceptance Form are received by the Share Registry by no later than 5.00pm (AEDT) on Monday, 13 March 2023 (being the Closing Date).** Further details are set out on your personalised Entitlement and Acceptance Form.

By returning your personalised Entitlement and Acceptance Form, you will be taken to make the declarations, acknowledgements, representations, warranties and other confirmations on that Entitlement and Acceptance Form and in this Retail Offer Booklet (including, without limitation, Section 3.11 of this Retail Offer Booklet).

### **3.10 PAYMENT THROUGH BPAY®, EFT OR SUBMISSION OF ENTITLEMENT AND ACCEPTANCE FORM IS BINDING**

A payment made through BPAY®, EFT or a completed and lodged Entitlement and Acceptance Form together with the payment of requisite Application Money constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Retail Offer Booklet and the accompanying Entitlement and Acceptance Form and, once lodged or paid, cannot be withdrawn.

If the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid Application for New Shares. The Star's decision whether to treat an Application as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

### **3.11 DECLARATIONS, ACKNOWLEDGEMENTS, REPRESENTATIONS, WARRANTIES AND CONFIRMATIONS**

By making a payment by BPAY® or EFT or by completing and returning your Entitlement and Acceptance Form with the requisite Application Money, you will also be deemed to have declared, acknowledged, represented, warranted and confirmed on your own behalf and on behalf of each person on whose account you are acting that:



- you are (or the person on whose account you are acting is) an Eligible Retail Shareholder;
- you were the registered holder(s) at the Record Date of the Existing Shares indicated on your personalised Entitlement and Acceptance Form as being held by you on the Record Date and agree that Section 3.14 of this Retail Offer Booklet will apply to any reconciliation of holdings that are required;
- you have received, read and understood this Retail Offer Booklet (including the attachments to it) and the Entitlement and Acceptance Form in their entirety;
- you agree to be bound by the terms of the Retail Entitlement Offer, the provisions of this Retail Offer Booklet (and the Entitlement and Acceptance Form), and The Star's constitution;
- you agree that The Star will not accept any applications or subscriptions for, and will adjust any allocations or scale back under, the Retail Entitlement Offer, as required to avoid any contravention of the ownership restrictions in The Star's constitution (for further details, see the risk titled "Consequences of breach of shareholding restrictions" in the section entitled "Key Risks" in slides 29 to 53 of the Investor Presentation (see Section 4 of this Retail Offer Booklet));
- you authorise The Star to register you as the holder(s) of New Shares issued or allotted to you under the Retail Entitlement Offer;
- all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- you are over 18 years of age and have full legal capacity and power to perform all of your rights and obligations under this Retail Offer Booklet and the Entitlement and Acceptance Form;
- you accept that there is no cooling off period under the Retail Entitlement Offer and you acknowledge that once The Star or the Share Registry receives your Entitlement and Acceptance Form or any payment of Application Money via BPAY® or EFT, you may not withdraw your Application or funds provided (except as allowed by law);
- you agree to apply for and be issued up to the number of New Shares specified in the Entitlement and Acceptance Form, or for which you have submitted payment of any Application Money via BPAY® or EFT, at the Offer Price per New Share subject to the terms and conditions of this Retail Offer Booklet and the Entitlement and Acceptance Form (including in respect of any rounding);
- if you are making payment by EFT, you must also return your completed Entitlement and Acceptance Form to the Share Registry so that it is received by the Closing Date in accordance with the instructions on the Entitlement and Acceptance Form;
- you authorise The Star, each of the Underwriters, the Share Registry and their respective directors, officers, employees, partners, advisers and agents to do anything on your behalf necessary for New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in your Entitlement and Acceptance Form;
- you authorise The Star to correct any errors in your personalised Entitlement and Acceptance Form or other form provided by you;
- the information contained in this Retail Offer Booklet and your personalised Entitlement and Acceptance Form is not investment advice or financial product advice nor a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs;
- this Retail Offer Booklet is not a prospectus or other disclosure document, does not contain all of the information that you may require in order to assess an investment in The Star and is given in the context of The Star's past and ongoing continuous disclosure announcements to ASX;

- you acknowledge the statement of risks in the section entitled “Key Risks” in slides 29 to 53 of the Investor Presentation (see Section 4 of this Retail Offer Booklet), and that investments in The Star are subject to investment risk;
- you agree to provide (and where applicable direct your nominee, trustee or custodian to provide) The Star or the Share Registry any requested substantiation of your eligibility to participate in the Retail Entitlement Offer and of your holding of Shares on the Record Date;
- for the benefit of The Star, the Underwriters and their respective related bodies corporate and affiliates, you acknowledge, represent and warrant that:
  - you did not receive an invitation to participate in the Institutional Entitlement Offer either directly or through a nominee, trustee or custodian, you are not an Ineligible Institutional Shareholder under the Institutional Entitlement Offer, you are not an Ineligible Retail Shareholder and are otherwise eligible to participate in the Retail Entitlement Offer; and
  - the law of any place does not prohibit you from being given this Retail Offer Booklet and the Entitlement and Acceptance Form, nor does it prohibit you from making an Application for, or being issued, New Shares;
- you acknowledge and agree that:
  - determination of eligibility of investors for the purposes of the Institutional Entitlement Offer and the Retail Entitlement Offer was determined by reference to a number of matters, including legal and regulatory requirements, logistical and Share Registry constraints and the discretion of The Star and/or the Underwriters; and
  - each of The Star and the Underwriters and their respective Beneficiaries exclude and expressly disclaim any duty or liability (including, without limitation, any liability arising from fault, negligence or negligent misstatement) in respect of the exercise or otherwise of that discretion, to the maximum extent permitted by law;
- you acknowledge and agree that your Application may be rejected by The Star if The Star determines in its absolute discretion that you (or the person on whose account you are acting) does not appear to be an Eligible Retail Shareholder;
- you acknowledge and agree that none of The Star nor either of the Underwriters, nor any of their respective Beneficiaries, guarantees the performance of the New Shares or the performance of The Star, nor do they guarantee the repayment of capital from The Star;
- you acknowledge that if you are accessing your personalised Entitlement and Acceptance Form and the Retail Offer Booklet on an internet website, you are responsible for protecting against viruses and other destructive items which might compromise confidentiality and your details and that your use of the online Retail Offer Booklet or The Star’s Offer website at [www.starentertainmentgroup.com.au/investor-centre](http://www.starentertainmentgroup.com.au/investor-centre) is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses, items of a destructive nature or items which might compromise confidentiality;
- you acknowledge that, if you are receiving this Retail Offer Booklet in an electronic form, documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of The Star, the Underwriters, the Share Registry, The Star’s mailing house or any of their respective Beneficiaries accepts any liability or responsibility whatsoever (including for any fault or negligence) in respect of any difference between the document distributed to you in electronic format and the hard copy version available to you on request from the Share Registry;
- you represent and warrant (for the benefit of the Company, the Underwriters and their respective related bodies corporate and affiliates) that that you are not in the United States and you are not

acting for, subscribing for or purchasing New Shares for the account or benefit of a person in the United States and you are not otherwise a person to whom it would be illegal to make an offer of or issue of New Shares under the Retail Entitlement Offer and under any applicable laws and regulations;

- you understand and acknowledge that neither the Entitlements nor the New Shares have been, or will be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States. Accordingly, you understand that the Entitlements in the Retail Entitlement Offer may not be taken up or exercised by, and the New Shares issued pursuant to the Retail Entitlement Offer may not be offered or sold, directly or indirectly to, persons in the United States or persons that are acting for the account or benefit of persons in the United States (to the extent those persons are acting for the account or benefit of a person in the United States);
- you are subscribing for or purchasing the New Shares outside the United States in an “offshore transaction” (as defined in Rule 902(h) under the US Securities Act) in reliance on Regulation S under the US Securities Act;
- you are not engaged in the business of distributing securities;
- you and each person on whose account you are acting have not and will not send this Retail Offer Booklet, the Entitlement and Acceptance Form or any other materials relating to the Retail Entitlement Offer to any person in the United States or any other country outside Australia and New Zealand (other than with the express prior written consent of The Star);
- if in the future you decide to sell or otherwise transfer the New Shares acquired under the Retail Entitlement Offer you will only do so in “regular way” transactions on ASX where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, in the United States;
- you are eligible under applicable securities laws to exercise Entitlements and acquire New Shares under the Retail Entitlement Offer;
- if you are acting as a nominee, trustee or custodian:
  - The Star is not required to determine whether or not any registered Shareholder is acting as a nominee, trustee or custodian or the identity or residence of any beneficial owners of the Shares;
  - where any holder is acting as a nominee, trustee or custodian for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Retail Entitlement Offer is compatible with applicable foreign laws and that this is not the responsibility of The Star;
  - each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is resident in Australia or New Zealand and is not in the United States, and you are not acting for the account or benefit of a person in the United States (to the extent you hold Shares for the account or benefit of a person in the United States), or any other country except beneficial Shareholders who are institutional or professional investors in certain foreign countries (other than the United States) to the extent contemplated in the “Foreign Selling Jurisdictions” section of the Investor Presentation (see Section 4 of this Retail Offer Booklet) or as The Star may otherwise permit in compliance with applicable law; and
  - you have only sent this Retail Offer Booklet, the Entitlement and Acceptance Form, any information relating to the Retail Entitlement Offer to such permitted beneficial Shareholders; and
- you make all other declarations, acknowledgements, representations, warranties and other confirmations set out in this Retail Offer Booklet.

### **3.12 BROKERAGE AND STAMP DUTY**

No brokerage fee is payable by Eligible Retail Shareholders who accept their Entitlement. No stamp duty is payable for subscribing for New Shares under the Retail Entitlement Offer.

### **3.13 NOTICE TO NOMINEES, TRUSTEES AND CUSTODIANS**

The Retail Entitlement Offer is being made to all Eligible Retail Shareholders. Nominees, trustees or custodians with registered addresses in Australia or New Zealand, irrespective of whether they participate under the Institutional Entitlement Offer, may also be able to participate in the Retail Entitlement Offer in respect of some or all of the beneficiaries on whose behalf they hold Existing Shares, provided that the applicable beneficiary would satisfy the criteria for an Eligible Retail Shareholder.

Nominees, trustees and custodians who hold Shares as nominees, trustees or custodians will have received, or will shortly receive, a letter from The Star. Nominees, trustees and custodians should carefully consider the contents of that letter and note in particular that the Retail Entitlement Offer is not available to:

- (a) beneficiaries on whose behalf they hold Existing Shares who would not satisfy the criteria for an Eligible Retail Shareholder;
- (b) Eligible Institutional Shareholders who The Star determines in its absolute discretion received an offer to participate in the Institutional Entitlement Offer (whether they accepted their Entitlement or not);
- (c) Ineligible Institutional Shareholders who were ineligible to participate in the Institutional Entitlement Offer; or
- (d) Shareholders who are not eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Due to legal restrictions, nominees, trustees and custodians may not send copies of this Retail Offer Booklet (including the attachments to it) or the Entitlement and Acceptance Form to (or accept the Retail Entitlement Offer on behalf of) persons in any other jurisdiction outside Australia or New Zealand, except to (or on behalf of) beneficial shareholders who are institutional or professional investors in certain foreign countries (other than the United States) to the extent contemplated in the "Foreign Selling Jurisdictions" section of the Investor Presentation (see Section 4 of this Retail Offer Booklet) or as The Star may otherwise permit in compliance with applicable law.

In particular, persons acting as nominees, trustees or custodians for other persons may not take up Entitlements, or subscribe for or purchase New Shares, on behalf of, any person in the United States or any person that is acting for the account or benefit of a person in the United States. Documents relating to the Retail Entitlement Offer must not be sent to any person in the United States.

The Star is not required to determine whether or not any registered holder is acting as a nominee, trustee or custodian or the identity or residence of any beneficial owners of Shares. Where any holder is acting as a nominee, trustee or custodian for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Retail Entitlement Offer is compatible with applicable foreign laws. It is the responsibility of nominees, trustees and custodians to clearly identify the residency of beneficiaries on whose behalf they hold Existing Shares when applying for New Shares on their behalf. The Star is not able to advise on foreign laws.

### **3.14 RECONCILIATION AND RIGHTS OF THE STAR**

In any entitlement offer, investors may believe that they own more Shares on the Record Date than they ultimately do. This may result in a need for reconciliation to ensure all Eligible Shareholders have the opportunity to receive their full Entitlement.

The Star may need to issue a small quantity of additional New Shares to ensure all Eligible Shareholders have the opportunity to receive their appropriate allocation of New Shares. The price at which these New Shares would be issued, if required, is the same as the Offer Price.

The Star reserves the right (in its absolute sole discretion) to reduce the number of Entitlements or New Shares allocated to Eligible Retail Shareholders, or persons claiming to be Eligible Retail Shareholders, if their claims prove to be overstated or if they (or their nominee, trustee or custodian) fail to provide information to substantiate their claims.

In that case The Star may, in its absolute discretion and subject to the terms of the Underwriting Agreement, require the relevant Shareholder to transfer excess New Shares to the Underwriters at the Offer Price per New Share. If necessary, the relevant Shareholder may need to transfer Existing Shares held by them or purchase additional Shares on-market to meet this obligation. The relevant Shareholder will bear any and all losses and expenses caused by subscribing for New Shares in excess of their Entitlement and any actions they are required to take in this regard.

By applying under the Retail Entitlement Offer, you irrevocably acknowledge and agree to do the above as required by The Star or the Underwriters in their absolute discretion. You acknowledge that there is no time limit on the ability of The Star or the Underwriters to require any of the actions set out above.

The Star also reserves the right to reject any acceptance of an Entitlement that it believes comes from a person who is not eligible to accept an Entitlement.

### **3.15 WITHDRAWAL OF THE OFFER**

Subject to applicable law, The Star reserves the right to withdraw all or part of the Offer at any time. If The Star exercises this right it will refund any Application Money received in relation to New Shares not already issued in accordance with the Corporations Act and will do so without interest being payable to Applicants. In circumstances where New Shares have been allotted under the Institutional Entitlement Offer and the Placement, The Star will only be able to withdraw (to the extent permitted by law and any relevant regulatory relief) the Offer with respect to New Shares to be issued under the Retail Entitlement Offer.

Refund amounts, if any, will be paid in Australian dollars. You will be paid either by direct credit to the nominated bank account as noted on the share register as at the Closing Date or by cheque sent by ordinary post to your address as recorded on the share register (the registered address of the first-named in the case of joint holders).

You agree that to the maximum extent permitted by law any Application Money paid by you to The Star will not entitle you to receive any interest and that any interest earned in respect of Application Money will belong to The Star.

### **3.16 RISKS**

Eligible Retail Shareholders should be aware that an investment in The Star involves risks. The key risks identified by The Star are set out in slides 29 to 53 of the Investor Presentation (see Section 4 of this Retail Offer Booklet), but these are not an exhaustive list of the risks associated with an investment in the Shares. You should consider these risks carefully in light of your personal circumstances, including financial and taxation issues, before making an investment decision in connection with the Retail Entitlement Offer.

### **3.17 FURTHER ENQUIRIES**

If you have not received or you have lost your Entitlement and Acceptance Form, or have any questions regarding the Offer, please contact the Offer Information Line on [1300 880 923](tel:1300880923) (within Australia) and [+61 1300 880 923](tel:+611300880923) (outside of Australia) at any time from 8.30am to 5.30pm (AEDT) Monday to Friday during the Retail Entitlement Offer Period. If you have any further questions, you should contact your stockbroker, solicitor, accountant or other independent professional adviser.

## **4 ASX ANNOUNCEMENTS**

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES





# ASX AND MEDIA RELEASE

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

23 February 2023

## 1H FY23 RESULTS AND CAPITAL STRUCTURE INITIATIVES<sup>1</sup>

### 1H FY23 REVIEW

- **Queensland properties performed strongly whilst Sydney performance soft**
  - Normalised<sup>2</sup> EBITDA of \$200m and normalised net profit of \$44m
  - Statutory EBITDA of \$200m (excluding significant items) and statutory net loss of \$1.26bn (including significant items, which include The Star Sydney impairment of \$988m<sup>3</sup>)
  - Queensland properties performed strongly throughout the period and achieved record domestic revenues; however, The Star Sydney was impacted by regulatory-driven operational changes and increased competition
  - Gold Coast domestic revenue was up 30% on pre-COVID<sup>4</sup> levels, which was its highest property revenue performance on record. Brisbane domestic revenue was up 9% on pre-COVID<sup>4</sup> levels while The Star Sydney was down 14% on pre-COVID<sup>4</sup> levels
  - Urgent focus during the period on remediation actions to support return to suitability

1H FY23 Financial Highlights	Statutory		Normalised <sup>2</sup>	
	\$m	vs pcp	\$m	vs pcp
<b>Gross Revenue</b>	1,013	74%	1,013	75%
<b>EBITDA (before significant items)</b>	200	551%	200	579%
<b>EBIT (before significant items)</b>	99	Nmf <sup>5</sup>	99	Nmf <sup>5</sup>
<b>NPAT (before significant items)</b>	44	Nmf <sup>5</sup>	44	Nmf <sup>5</sup>
<b>Statutory NPAT</b>	(1,264)	Nmf <sup>5</sup>	-	-

<sup>1</sup> This release should be read in conjunction with The Star Entertainment Group Limited's 1H FY23 Results Presentation and Directors' Report and Financial Report for the six months ended 31 December 2022 and, to the extent relevant, The Star's Capital Structure Initiatives and Equity Raising Investor Presentation announced today (**Investor Presentation**)

<sup>2</sup> Normalised results reflect the underlying performance of the business as they remove the inherent win rate volatility of the International VIP Rebate business, noting The Star has suspended all rebate business. Normalised results are adjusted using an average win rate of 1.35% on actual turnover, taxes and revenue share commissions and are before significant items

<sup>3</sup> Reflects recent operational and regulatory changes, and proposed increases to casino duty rates. For further information see 'Legislative and regulatory changes' and 'Taxation risks and casino duty rates' in the 'Key risks' section of Investor Presentation on pages 34 and 37

<sup>4</sup> Pre-COVID comparator period is financial year ended 30 June 2020 (**FY20**)

<sup>5</sup> Not meaningful

• **FY23 earnings outlook**

- As previously disclosed, FY23 underlying EBITDA is expected to be \$330m to \$360m<sup>6</sup>
- This includes estimated remediation costs of \$35m to \$45m (~50% expected to be recurring from FY24)
- Business improvement initiatives are estimated to contribute ~\$40m to the Group's operating performance on an annualised basis in the future (not included in FY23 guidance)

• **Capital structure initiatives**

- The Star has today announced the following capital structure initiatives:
  - **Equity Raising:** \$800m equity raising, comprised of a ~\$685m 3 for 5 pro rata accelerated non-renounceable entitlement offer and a ~\$115m institutional placement
  - **Covenant Relief:** Covenant relief secured from both bank lenders and USPP noteholders through to June 2025<sup>7</sup>
- Net proceeds from the Equity Raising will be used to repay debt and increase liquidity
- Capital structure initiatives provide increased financial flexibility to meet capital requirements provisioned for and help navigate a range of operating and regulatory uncertainties

**THE STAR SYDNEY**

- Trading performance has been adversely impacted by several factors, including increased operating restrictions and strengthened controls from mid-September 2022 following the Bell Review and amendments to the NSW Casino Control Act. This saw an increase in the number of excluded patrons and a reduced level of complimentary services and benefits in private gaming areas, impacting both EGMs and table games performance
- The Star Sydney has also been impacted by increased competition and a step-up in remediation costs
- Domestic revenue was down 14% on pre-COVID<sup>8</sup> levels with EGMs up 1%, tables down 22% and non-gaming revenue down 10%
- Normalised EBITDA was \$87m<sup>9</sup> and normalised EBIT was \$30m<sup>9</sup>

Normalised <sup>10</sup>	1H FY23 \$m	1H FY22 \$m	vs pcp
<b>Gross Revenue</b>	541	239	127%
<b>EBITDA<sup>9</sup></b>	87	(25)	Nmf <sup>11</sup>
<b>EBIT<sup>9</sup></b>	30	(84)	Nmf <sup>11</sup>

<sup>6</sup> Dependent upon a number of factors which are uncertain at this time. For further information see '2H FY23 Trading Update and FY23 outlook', below

<sup>7</sup> Covenant relief is conditional on completion of the announced Equity Raising. The Group obtained an amendment from USPP debt holders to exclude the financial impact of penalties on covenants at 31 December 2022

<sup>8</sup> Pre-COVID comparator period is FY20

<sup>9</sup> Earnings are not directly comparable to the pcp given the closure of The Star Sydney from 1 July 2021 to 10 October 2021

<sup>10</sup> Normalised results reflect the underlying performance of the business as they remove the inherent win rate volatility of the International VIP Rebate business, noting The Star has suspended all rebate business. Normalised results are adjusted using an average win rate of 1.35% on actual turnover, taxes and revenue share commissions and are before significant items

<sup>11</sup> Not meaningful

## THE STAR GOLD COAST

- Domestic revenue was up 30% on pre-COVID<sup>12</sup> levels, which was its highest property revenue performance on record
- Record performances across EGMs, main tables, food & beverage and hotels
- EGM revenue up 36% and tables down 11% on pre-COVID<sup>12</sup> levels
- Non-gaming revenue up 67% on pre-COVID<sup>12</sup> levels with new amenities and the return of domestic tourism and The Star's conferencing business on the Gold Coast
- Normalised EBITDA of \$66m, up 157% on pcp, and normalised EBIT of \$36m

Normalised <sup>13</sup>	1H FY23 \$m	1H FY22 \$m	vs pcp
Gross Revenue	276	180	53%
EBITDA	66	26	157%
EBIT	36	(5)	Nmf <sup>14</sup>

## BRISBANE

- Domestic revenue was up 9% on pre-COVID<sup>12</sup> levels
- Record performances across EGMs, main tables and hospitality
- Normalised<sup>13</sup> EBITDA of \$46m, up 60% on pcp, and normalised EBIT of \$33m

Normalised <sup>13</sup>	1H FY23 \$m	1H FY22 \$m	vs pcp
Gross Revenue	196	161	22%
EBITDA	46	29	60%
EBIT	33	15	115%

## BALANCE SHEET AND CAPEX (BEFORE CAPITAL STRUCTURE INITIATIVES)

- Net debt of \$1.11bn as at 31 December 2022
- Gearing of 2.7x (Net Debt / LTM EBITDA) as at 31 December 2022
- Liquidity on hand of \$554m in cash and undrawn facilities as at 31 December 2022
- No interim dividend declared<sup>15</sup>
- 1H FY23 capex of \$76m; well below D&A of \$101m over the same period
- FY23 capex guidance remains ~\$150m in addition to projected JV equity contributions of ~\$115m<sup>16</sup>
- Significant items of \$1.3bn as at 31 December 2022 include impairment of the Sydney goodwill and property assets, penalties and costs associated with the ongoing regulatory reviews (legal, consultants and other costs)

<sup>12</sup> Pre-COVID comparator period is FY20

<sup>13</sup> Normalised results reflect the underlying performance of the business as they remove the inherent win rate volatility of the International VIP Rebate business, noting The Star has suspended all rebate business. Normalised results are adjusted using an average win rate of 1.35% on actual turnover, taxes and revenue share commissions and are before significant items

<sup>14</sup> Not meaningful

<sup>15</sup> Dividends suspended until The Star reaches its long term target leverage range of 2.0x-2.5x, returns to suitability and all of the Group's casino licences are in full force and effect. For further information see 'Dividends and other distributions may fluctuate or may not be paid' in the 'Key risks' section of Investor Presentation on page 53

<sup>16</sup> Includes an additional equity contribution for Queen's Wharf Brisbane and Gold Coast Tower 2

- Sydney impairment reflects operational changes and strengthened controls implemented following the Bell Review and amendments to the NSW Casino Control Act, and the proposed increase in NSW casino duty rates from FY24<sup>17</sup>

## 2H FY23 TRADING UPDATE AND FY23 OUTLOOK

- Consistent with the earnings guidance of 13 February 2023, early 2H FY23 trading is broadly consistent with 2Q FY23:<sup>18</sup>
  - **Gold Coast:** domestic revenue up 24% vs. pre-COVID
  - **Brisbane:** domestic revenue up 5% vs. pre-COVID
  - **Sydney:** domestic revenue down 17% vs. pre-COVID
  - **Group:** domestic revenue down 4% vs. pre-COVID
- As previously disclosed, based on current trading performance and the outlook for the remainder of the second half, FY23 underlying EBITDA is expected to be \$330m to \$360m
- The end of year position will be dependent upon a number of factors which are uncertain at this time, including regulatory settings relating to complimentary services in The Star Sydney's private gaming areas, the level of inbound international tourism, and general consumer discretionary spending behaviour
- The guidance includes estimated remediation costs of \$35m to \$45m in FY23, of which ~50% are expected to be recurring from FY24
- The guidance is provided on the basis that market conditions and the regulatory environment do not materially change
- The Star intends to implement a number of focused operational initiatives designed to improve its trading performance, which are estimated to contribute ~\$40m to the Group's operating performance (on an annualised basis), including:
  - Uplifting The Star Sydney's revenue performance
  - Implementing measures to improve The Star Sydney's operating efficiency and cost control
  - Enhancing the customer experience at The Star Sydney
  - Actions to respond to the Group's competitive position in Sydney including loyalty benefits and pricing
- These initiatives are expected to contribute only marginally in the last quarter of the FY23 period, and no impact is assumed in the above FY23 guidance
- The Group will continue its urgent focus on remediation actions to support The Star's return to suitability. In this regard, The Star has paused the work of Allen & Overy until such time as there is a regulator approved or endorsed remediation plan as outlined in The Star's announcement on 24 November 2022

<sup>17</sup> See 'NSW Casino Duty Rates', below

<sup>18</sup> Pre-COVID comparator period is FY20

## NSW CASINO DUTY RATES

The Star and the NSW Government are in discussions on the implementation of the proposed changes to NSW casino duty rates.

The Star understands the proposed changes will require legislation to be passed by the NSW Parliament, unless the NSW Government and The Star reach agreement.

It is uncertain to what extent the announced amendments may change. For this reason, there is also uncertainty about the impact of the proposed tax changes on The Star's operations in NSW. The changes as currently proposed are likely to have a significant impact on The Star's earnings and operations.

## CAPITAL STRUCTURE INITIATIVES

Today, The Star has announced the following capital structure initiatives:

- **Equity Raising:** \$800m equity raising, comprised of a ~\$685m 3 for 5 pro rata accelerated non-renounceable entitlement offer and a ~\$115m institutional placement
- **Covenant Relief:** Covenant relief secured from both bank lenders and USPP noteholders through to June 2025<sup>19</sup>

Net proceeds from the Equity Raising will be used to repay debt and increase liquidity:<sup>20</sup>

- Pro forma Net Debt of \$341m (reduction of \$770m) as at 31 December 2022
- Pro forma Net Debt / normalised EBITDA of 0.8x (reduction of 1.9x) as at 31 December 2022
- Pro forma liquidity of \$754m (increase of \$200m) as at 31 December 2022

The Star's strategic partners, Chow Tai Fook Enterprises Limited and Far East Consortium International Limited, have provided binding pre-commitments for approximately \$80m, which equates to their functional pro-rata entitlement in the Equity Raising. The balance of the Equity Raising is underwritten.

These capital structure initiatives provide increased financial flexibility to meet capital requirements provisioned for and navigate a range of operating and regulatory uncertainties.

The Star will target 2.0x – 2.5x leverage over the long-term, with an ongoing focus on capital structure optimisation, refinancing initiatives, asset monetisation and liquidity position.

Dividends will be suspended until The Star reaches its long-term target leverage range of 2.0x – 2.5x, returns to suitability and all of the Group's casino licences are in full force and effect.<sup>21</sup>

## PRIORITIES FOR THE YEAR AHEAD

### Remediation Measures

- Comprehensive and urgent focus on remediation actions
- Repair and strengthen The Star's relationships with relevant regulators and other stakeholders in NSW and Queensland
- Take steps to remediate and return to suitability to hold casino licences in NSW and Queensland
- Complete new senior executive and Board appointments

<sup>19</sup> Covenant relief is conditional on completion of the Equity Raising. The Group obtained an amendment from USPP debt holders to exclude the financial impact of penalties on covenants at 31 December 2022

<sup>20</sup> Pro forma as at 31 December 2022. Net debt shown as interest bearing liabilities (excluding lease liabilities of \$40m) less cash and cash equivalents (\$109m) less the net impact of derivative financial instruments (\$45m). EBITDA shown on a trailing 12 months basis, excluding significant items. Pro forma liquidity position includes \$109m of cash and \$645m of pro forma undrawn bank facilities

<sup>21</sup> For further information see 'Dividends and other distributions may fluctuate or may not be paid' in the 'Key risks' section of the Investor Presentation on page 53

## Operations

- Continue discussions with the NSW Government in relation to the implementation of the proposed increases in casino duty rates in NSW
- Secure competitive neutrality with respect to operating conditions in Sydney
- Manage the competitive impact in Sydney
- Refocus on operating efficiencies, including earnings enhancements in Sydney

## Major Projects

- Queen’s Wharf Brisbane – progress construction, manage costs and any further construction delays, prepare for the proposed phased opening of the precinct and progress any applicable claims (including between DBC and the contract builder)
- Gold Coast – progress the construction of Tower 2
- Sydney – assess potential development opportunities

## Asset Sales

- Seek to sell non-core assets
- Complete the sale of the Treasury Brisbane buildings and the Union St Pyrmont property
- Undertake the sale of the Sheraton Grand Mirage Resort Gold Coast
- Explore opportunities to unlock the underlying value of the Group’s property portfolio

## COMMENTARY

Group CEO and Managing Director, Robbie Cooke said:

*“We have been pleased with the ongoing strength of trading across our Queensland-based properties while trading at The Star Sydney has been impacted by operational changes associated with the outcome of the Bell Review and increased competition.*

*Our focus has been and remains on working constructively with our regulators and the NSW Manager and Queensland Special Manager to urgently remediate our businesses as we seek to return to suitability.*

*Our key priority is to regain the trust and confidence of our community and demonstrate to our regulators that we are suitable to hold our casino licences. To that end, we continue to support the NSW Premier’s industry-wide initiatives around cashless gaming and improved harm minimisation.”*

### For further information:

<b>Financial analysts</b>	Christina Katsibouba Chief Financial Officer	Tel: +61 2 9657 7154
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<b>Media</b>	Peter Jenkins Group Executive External Affairs	Tel: +61 439 015 292

**KEY FINANCIALS – SIX MONTHS TO 31 DECEMBER 2022**

Statutory <sup>22</sup>		vs pcp
Gross Revenue	\$1,013m	74%
EBITDA	\$200m	551%
EBIT	\$99m	Nmf <sup>23</sup>
NPAT	(\$1,264m)	Nmf <sup>22</sup>
Earnings Per Share <sup>24</sup>	(133.2 cps)	Nmf <sup>22</sup>
Normalised <sup>25</sup> (Underlying)		vs pcp
Gross Revenue	\$1,013m	75%
- Sydney	\$541m	127%
- Gold Coast	\$276m	53%
- Brisbane	\$196m	22%
EBITDA	\$200m	579%
- Sydney	\$87m	Nmf <sup>22</sup>
- Gold Coast	\$66m	157%
- Brisbane	\$46m	60%
EBIT	\$99m	Nmf <sup>22</sup>
- Sydney	\$30m	Nmf <sup>22</sup>
- Gold Coast	\$36m	Nmf <sup>22</sup>
- Brisbane	\$33m	115%
NPAT (after equity accounted investments)	\$44m	Nmf <sup>22</sup>
Dividend per share		
Total dividends per share (fully franked)	N/A	N/A
Balance sheet		
Gross Debt	\$1,305m	
Net Debt <sup>26</sup>	\$1,111m	
Net Debt / EBITDA (statutory)	2.7x (Net Debt / LTM EBITDA)	
Net Debt / EBITDA (normalised)	2.7x (Net Debt / LTM EBITDA)	

<sup>22</sup> 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 A5 of the Financial Report for a reconciliation of significant items

<sup>23</sup> Not meaningful

<sup>24</sup> Earnings per share based on weighted average number of shares on issue

<sup>25</sup> Normalised results reflect the underlying performance of the business as they remove the inherent win rate volatility of the International VIP Rebate business, noting The Star has suspended all rebate business. Normalised results are adjusted using an average win rate of 1.35% on actual turnover, taxes and revenue share commissions and are before significant items. 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 A5 of the Financial Report for a reconciliation of significant items

<sup>26</sup> Net debt shown as interest bearing liabilities (excluding lease liabilities of \$39.8m), less cash and cash equivalents less the net impact of derivative financial instruments



## Important Notice

This announcement contains certain “forward-looking statements”. The words “forecast”, “estimate”, “likely”, “anticipate”, “believe”, “expect”, “project”, “opinion”, “predict”, “outlook”, “guidance”, “intend”, “should”, “could”, “may”, “target”, “plan”, “project”, “consider”, “foresee”, “aim”, “will”, “seek” and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements, and include statements in this announcement regarding the potential impact of regulatory outcomes and pecuniary penalties, class action proceedings (and any contingent liabilities associated with those matters), the outcome of the Equity Raising, the use of proceeds, the future performance of The Star, The Star’s outstanding debt, and The Star’s outlook for financial year ending 30 June 2023 (**FY23**).

Forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of The Star and its related bodies corporate and affiliates and each of their respective directors, officers, employees, partners, consultants, contractors, agents, advisers and representatives. This includes statements about market and industry trends, which are based on interpretations of current market conditions.

**Investors are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the significant volatility, uncertainty and disruption caused by the regulatory issues impacting The Star.**

Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may vary materially from those expressed or implied in those statements and any projections and assumptions on which these statements are based. These statements may assume the success of The Star’s business strategies including following completion of the Equity Raising, the success of which may not be realised within the period for which the forward-looking statements may have been prepared, or at all.

No guarantee, representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns, statements or tax treatment in relation to future matters contained in this announcement. The forward-looking statements are based only on information available to The Star as at the date of this announcement. Except as required by applicable laws or regulations, none of The Star, its representatives or advisers undertake any obligation to provide any additional or updated information or revise the forward-looking statements or other statements in this announcement, whether as a result of a change in expectations or assumptions, new information, future events, results or circumstances.

## Not for distribution or release in the United States

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. This announcement should not be distributed or released in the United States.

Neither the entitlements nor the new ordinary shares of The Star (**New Shares**) have been, or will be, registered under the U.S. Securities Act of 1933, as amended (**U.S. Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the entitlements may not be taken up by, and the New Shares may not be offered or sold, directly or indirectly, in the United States or to any person acting for the account or benefit of a person in the United States (to the extent that the person holds shares for the account or benefit of a person in the United States), except in transactions exempt from, or not subject to the registration requirements of the U.S. Securities Act and any other applicable securities laws of any state or other jurisdiction of the United States.

## Financial information

*Pro forma financial information.* This announcement contains pro forma historical financial information to show the impact of the Equity Raising. The pro forma information has not been audited or reviewed by The Star’s auditors. The pro forma financial information provided in this announcement is for illustrative purposes only and is not represented as being indicative of The Star’s (nor anyone else’s) views on its future financial condition and/or performance. The pro forma financial information has been prepared on the basis set out in the Investor Presentation. Investors should note that the pro forma financial information has not been prepared in accordance with, and does not purport to comply with, Article 11 of Regulation S-X under the U.S. Securities Act.

*Non-IFRS measures.* Investors should also be aware that certain financial measures included in this announcement are 'non-IFRS financial information' under ASIC Regulatory Guide 230: 'Disclosing non-IFRS financial information' published by ASIC and also 'non-GAAP financial measures' within the meaning of Regulation G under the U.S. Securities Exchange Act of 1934, as amended, and are not recognised under AAS and International Financial Reporting Standards (**IFRS**). For example, management believes that normalised results reflect the underlying performance of the business and are used internally by management to assess the performance of the business. Significant items are excluded from the normalised results.

*Those non-IFRS financial information/non-GAAP financial measures do not have a standardised meaning prescribed by AAS or IFRS.* Therefore, the non-IFRS financial information/non-GAAP financial measures may not be comparable to similarly titled measures presented by other entities and should not be construed as an alternative to other financial measures determined in accordance with AAS or IFRS.

Investors are cautioned not to place undue reliance on any non-IFRS financial information/non-GAAP financial measures included in this announcement. Non-IFRS measures and current trading information for FY23 have not been subject to auditor or review.



**THE STAR**  
ENTERTAINMENT  
GROUP

**THE STAR ENTERTAINMENT GROUP**

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**CAPITAL STRUCTURE INITIATIVES  
AND EQUITY RAISING  
INVESTOR PRESENTATION**

**23 FEBRUARY 2023**

**Robbie Cooke**  
Chief Executive Officer

**Christina Katsibouba**  
Chief Financial Officer

**NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES**

# IMPORTANT NOTICE AND DISCLAIMERS (1 OF 5)

## Important notice and disclaimer

The following Important Notice and Disclaimer applies to this investor presentation (**Presentation**) and you are therefore advised to read this carefully before reading or making any other use of this Presentation or any information contained in this Presentation. By accepting this Presentation, you represent and warrant that you are entitled to receive this Presentation in accordance with the restrictions, and agree to be bound by the limitations, contained within it.

This Presentation has been prepared by The Star Entertainment Group Limited (ACN 149 629 023) (**The Star**). This Presentation has been prepared in connection with The Star's proposed:

- institutional placement of new fully paid ordinary shares in The Star (**New Shares**) to certain institutional and sophisticated investors (**Placement**); and
- pro rata accelerated non-renounceable entitlement offer of New Shares to eligible existing shareholders of The Star (**Entitlement Offer**).

In this Presentation, the Placement and the Entitlement Offer are together, the **Offer** or the **Equity Raising**.

Barrenjoey Markets Pty Limited (ABN 66 636 976 059) (**Barrenjoey**) and Macquarie Capital (Australia) Limited (ABN 79 123 199 548) (**Macquarie**) (**Underwriters**) have agreed to underwrite the Entitlement Offer and the Placement, other than the amount of approximately \$80 million which is the subject of binding pre-commitments from The Star's strategic partners, Chow Tai Fook Enterprises Limited (**CTFE**) and Far East Consortium International Limited (**FEC**). For further information see 'Underwriting risk' in the Key Risks section of this Presentation.

This Presentation does not constitute or form part of any offer to sell, purchase or subscribe for, or a solicitation or invitation of any offer to sell, purchase or subscribe for, any securities, nor will this Presentation or any part of it form the basis of, or be relied on in connection with, any contract or commitment whatsoever. No offers, sales, resales or delivery of any securities referred to in this Presentation or distribution of any material relating to those securities may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and which will not impose any obligation on The Star.

The Entitlement Offer will comprise of an offer:

- to eligible institutional shareholders of The Star in certain permitted jurisdictions; and
- to eligible retail shareholders of The Star in Australia and New Zealand (**Retail Entitlement Offer**).

The distribution of this Presentation in jurisdictions outside Australia and New Zealand may be restricted by law and you should observe those restrictions. Any failure to comply with those restrictions may constitute a violation of applicable securities laws. In particular, this Presentation may not be distributed or released in the United States.

## Summary information

This Presentation contains summary information about the current activities of The Star and its subsidiaries (**The Star Group**) as at the date of this Presentation. The information in this Presentation is of a general nature and does not purport to be complete. This Presentation does not purport to contain all the information that an investor should consider when making an investment decision nor does it contain all the information which would be required in a disclosure document prepared in accordance with the requirements of the *Corporations Act 2001* (Cth) (**Corporations Act**). It should be read in conjunction with The Star's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (**ASX**), which are available at [www.asx.com.au](http://www.asx.com.au).

No member of The Star Group gives any warranties in relation to the statements and information in this Presentation.

## Financial information

The financial information in this Presentation is presented in an abbreviated form insofar as it does not include all of the presentation and disclosures required by the Australian Accounting Standards (**AAS**) and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

The historical financial information for The Star contained in this Presentation has been derived from the audited consolidated annual financial statements of The Star for the financial year ended 30 June 2022 and the unaudited interim consolidated financial statements for the half year ended 31 December 2022, as lodged with ASX pursuant to The Star's continuous disclosure obligations.

This Presentation also contains pro forma historical financial information to show the impact of the Offer. The pro forma information has not been audited or reviewed by The Star's auditors. The pro forma financial information provided in this Presentation is for illustrative purposes only and is not represented as being indicative of The Star's (nor anyone else's) views on its future financial condition and/or performance. The pro forma financial information has been prepared on the basis set out in this Presentation.

Investors should note that the pro forma financial information has not been prepared in accordance with, and does not purport to comply with, Article 11 of Regulation S-X under the U.S. Securities Act.

## Non-IFRS measures

Investors should also be aware that certain financial measures included in this Presentation are 'non-IFRS financial information' under ASIC Regulatory Guide 230: 'Disclosing non-IFRS financial information' published by ASIC and also 'non-GAAP financial measures' within the meaning of Regulation G under the U.S. Securities Exchange Act of 1934, as amended, and are not recognised under AAS and International Financial Reporting Standards (**IFRS**).

# IMPORTANT NOTICE AND DISCLAIMERS (2 OF 5)

Those non-IFRS financial information/non-GAAP financial measures do not have a standardised meaning prescribed by AAS or IFRS. Therefore, the non-IFRS financial information/non-GAAP financial measures may not be comparable to similarly titled measures presented by other entities and should not be construed as an alternative to other financial measures determined in accordance with AAS or IFRS.

Investors are cautioned not to place undue reliance on any non-IFRS financial information/non-GAAP financial measures included in this Presentation. Non-IFRS measures and current trading information for the financial year ending 30 June 2023 (FY23) have not been subject to audit or review.

## *Normalised results*

Normalised results are non-IFRS/non-GAAP financial measures that reflect the underlying performance of the business and are used internally by management to assess the performance of the business. Significant items are excluded from the normalised results. Investors are cautioned not to place undue reliance on any normalised results included in this Presentation.

## *General*

All dollar values are in Australian dollars (A\$) and financial data is presented as at 31 December 2022 unless otherwise stated. A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Presentation.

## **Past performance**

Past performance and pro forma historical information in this Presentation is given for illustrative purposes only and should not be relied upon and is not an indication of future performance including future share price information.

## **Forward-looking statements**

This Presentation contains certain “forward-looking statements”. The words “forecast”, “estimate”, “likely”, “anticipate”, “believe”, “expect”, “project”, “opinion”, “predict”, “outlook”, “guidance”, “intend”, “should”, “could”, “may”, “target”, “plan”, “project”, “consider”, “foresee”, “aim”, “will”, “seek” and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements, and include statements in this Presentation regarding the potential impact of regulatory outcomes and pecuniary penalties, class action proceedings (and any contingent liabilities associated with those matters), the outcome of the Offer, the use of proceeds, the future performance of The Star, The Star’s outstanding debt, and The Star’s outlook for FY23.

Forward-looking statements, opinions and estimates provided in this Presentation are based on assumptions and contingencies which are subject to change without notice and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of The Star and its related bodies corporate and affiliates and each of their respective directors, officers, employees, partners, consultants, contractors, agents, advisers and representatives (**Beneficiaries**). This includes statements about market and industry trends, which are based on interpretations of current market conditions. Refer to the Key Risks on slides 29 to 53 of this Presentation for a summary of certain risk factors that may affect The Star.

**Investors are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate, geopolitical tensions including the conflict in Ukraine and the significant volatility, uncertainty and disruption caused by the regulatory issues impacting The Star.**

Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may vary materially from those expressed or implied in those statements and any projections and assumptions on which these statements are based. These statements may assume the success of The Star’s business strategies including following completion of the Offer, the success of which may not be realised within the period for which the forward-looking statements may have been prepared, or at all.

No guarantee, representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns, statements or tax treatment in relation to future matters contained in this Presentation. The forward-looking statements are based only on information available to The Star as at the date of this Presentation. Except as required by applicable laws or regulations, none of The Star, its representatives or advisers undertake any obligation to provide any additional or updated information or revise the forward-looking statements or other statements in this Presentation, whether as a result of a change in expectations or assumptions, new information, future events, results or circumstances.

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Neither the entitlements nor the New Shares have been, or will be, registered under the U.S. Securities Act, or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the entitlements may not be taken up or exercised by, and the New Shares may not be offered or sold, directly or indirectly, in the United States or to any person acting for the account or benefit of any person in the United States, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws of any state or other jurisdiction of the United States.



# IMPORTANT NOTICE AND DISCLAIMERS (3 OF 5)

Refer to the 'Foreign selling restrictions' on slides 54 to 56 of this Presentation for more information.

The release, publication or distribution of this Presentation (including an electronic copy) outside Australia or New Zealand may be restricted by law. If you come into possession of this Presentation, you should observe restrictions and should seek your own advice on restrictions. Any non-compliance with these restrictions may contravene applicable securities laws.

## Information and liability

To the maximum extent permitted by law, each of The Star, the Underwriters and their Beneficiaries exclude and expressly disclaim:

- all duty and liability (including, without limitation, any liability arising from fault, negligence or negligent misstatement) for any expenses, losses, damage or costs incurred by you as a result of your participation in, or failure to participate in, the Offer or the information in this Presentation being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise;
- any obligations or undertaking to release any updates or revisions to the information in this Presentation to reflect any change in expectations or assumptions; and
- all liabilities in respect of, and make no representation or warranty, express or implied, as to the fairness, currency, accuracy, reliability or completeness of information in this Presentation or any constituent or associated presentation, information or material, or the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects or returns (or any event or results expressed or implied in any forward-looking statement) contained in or implied by the information in this Presentation or any part of it, or that this Presentation contains all material information about The Star or which a prospective investor or purchaser may require in evaluating a possible investment in The Star or acquisition of securities in The Star.

The Underwriters and their respective Beneficiaries:

- have not independently verified any of the information in this Presentation and take no responsibility for any part of this Presentation or the Offer;
- have not authorised, permitted or caused the issue, lodgement, submission, dispatch or provision of this Presentation;
- make no recommendations as to whether you or your related parties should participate in the Offer nor do they make any representations or warranties to you concerning the Offer; and
- do not make or purport to make any statements in this Presentation and there is no statement in this Presentation which is based on any statement by any of them.

You represent, warrant and agree that you have not relied on any statements made by the Underwriters or their respective Beneficiaries in relation to the Offer and you further expressly disclaim that you are in a fiduciary relationship with any of them. You undertake that you will not seek to sue or hold the Underwriters and their respective Beneficiaries liable in any respect in connection with this Presentation or the Offer (to the maximum extent permitted by law).

You acknowledge and agree that:

- determination of eligibility of investors for the purposes of the Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and share registry constraints and the discretion of The Star and/or the Underwriters. You further acknowledge and agree that each of The Star and the Underwriters and their respective Beneficiaries exclude and expressly disclaim any duty or liability (including, without limitation, any liability arising from fault, negligence or negligent misstatement) in respect of the exercise or otherwise of that discretion, to the maximum extent permitted by law;
- your existing holding (if any) will be estimated by reference to The Star's beneficial register on 27 February 2023 which shows historical holdings as at that date and is not up to date. There will be no verification or reconciliation of the holdings as shown in the historical beneficial register and accordingly this may not truly reflect your actual holding. The Star and the Underwriters do not have any obligation to reconcile assumed holdings (e.g. for recent trading or swap positions) when determining allocations nor do they have any obligation to allocate pro rata on the basis of existing security holdings. If you do not reside in a permitted Offer jurisdiction for the relevant tranche of the Offer you will not be able to participate in that tranche of the Offer;
- although unlikely to arise due to The Star's allocations plan for the Offer, to the extent necessary, The Star will not accept any applications, bids or subscriptions for, and will adjust any allocations or scaleback under, the Offer as required to avoid any contravention of the ownership restrictions in the Star's Constitution (Ownership Restrictions – for further details, see the risk titled 'Consequences of breach of shareholding restrictions' in the Key Risks section of this Presentation);
- subject to the Ownership Restrictions, allocations are at the sole discretion of the Underwriters and/or The Star. The Underwriters and The Star disclaim any duty or liability (including, without limitation, any liability arising from fault, negligence or negligent misstatement) in respect of the exercise or otherwise of that discretion (including, without limitation, where based on your assumed holding, if any), to the maximum extent permitted by law; and
- The Star reserves the right to withdraw or vary the timetable for the Offer without notice with the prior written consent of the Underwriters, including by closing the Offer early, withdrawing the Offer entirely or extending the Offer closing time (generally or for particular investor(s)) in its absolute discretion (but has no obligation to do so), without recourse to it or notice to you. Furthermore, communications that a transaction is "covered" (i.e. aggregate demand indications exceed the amount of the security offered) are not an assurance that the transaction will be fully distributed.

# IMPORTANT NOTICE AND DISCLAIMERS (4 OF 5)

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include trading, financing, corporate advisory, financial advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Underwriters and their respective affiliates have provided, and may in the future provide, financial advisory, financing services and other services to The Star and to persons and entities with relationships with The Star, for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Underwriters and their respective affiliates may act as market maker or purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and those investment and trading activities may involve or relate to assets, securities and/or instruments of The Star, and/or persons and entities with relationships with The Star. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market colour or trading ideas and/or publish or express independent research views in respect of those assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in those assets, securities and instruments.

In connection with the Offer, one or more investors may elect to acquire an economic interest in the New Shares (**Economic Interest**), instead of subscribing for or acquiring the legal or beneficial interest in those shares. The Underwriters (or their respective affiliates) may, for their own respective accounts, write derivative transactions with those investors relating to the New Shares to provide the Economic Interest, or otherwise acquire shares in The Star in connection with the writing of those derivative transactions in the Offer and/or the secondary market. As a result of those transactions, the Underwriters (or their respective affiliates) may be allocated, subscribe for or acquire New Shares or shares of The Star in the Offer and/or the secondary market, including to hedge those derivative transactions, as well as hold long or short positions in those shares. These transactions may, together with other shares in The Star acquired by the Underwriters (or their respective affiliates) in connection with their ordinary course sales and trading, principal investing and other activities, result in the Underwriters (or their respective affiliates) disclosing a substantial holding and earning fee. The Underwriters (and/or their respective affiliates) may also receive and retain other fees, profits and financial benefits in each of the above capacities and in connection with the above activities, including in their capacity as Underwriters to the Offer.

## **Not an offer, advice or recommendation**

This Presentation is for information purposes only and should not be read or understood as an offer, invitation, solicitation, inducement or recommendation to subscribe, buy or sell New Shares or any other financial products in any jurisdiction.

This Presentation will not form any part of any contract or commitment for the acquisition of New Shares. This Presentation is not a prospectus, disclosure statement, product disclosure statement or other offering document under Australian law or under any other law. It will not be lodged with ASIC.

Nothing contained in this Presentation constitutes financial product, investment, legal, tax or other advice or any recommendation. It does not take into account the investment objectives, financial situation or needs of any particular investor. Before making an investment decision, prospective investors should consider the appropriateness of the information in this Presentation having regard to their own investment objectives, financial situation and needs and with their own professional advice. The Star is not licensed to provide financial product advice in respect of New Shares. Cooling off rights do not apply to the acquisition of New Shares.

Each recipient of this Presentation should make its own enquiries and investigations regarding all information included in this Presentation including but not limited to the assumptions, uncertainties and contingencies which may affect future operations of The Star and the values and the impact that different future outcomes may have on The Star.

The Retail Entitlement Offer will be made on the basis of the information contained in the retail offer booklet to be prepared for eligible retail shareholders in Australia and New Zealand (**Retail Offer Booklet**), and made available to such shareholders following its lodgement with ASX. The Retail Offer Booklet may not be distributed or released in the United States. Any eligible retail shareholder in Australia or New Zealand who wishes to participate in the Retail Entitlement Offer should read the Retail Offer Booklet before deciding whether to apply for New Shares under the Retail Entitlement Offer. Anyone who wishes to apply for New Shares under the Retail Entitlement Offer will need to apply in accordance with the instructions contained in the Retail Offer Booklet and the entitlement and acceptance form.

## **Investment risk**

An investment in The Star shares is subject to investment risks and other known and unknown risks, some of which are beyond the control of The Star, including possible loss of income and principal invested. The Star does not guarantee any particular rate of return or the performance of The Star, nor does it guarantee the repayment of capital from The Star or any particular tax treatment. In considering an investment in The Star shares, investors should have regard to (amongst other things) the risks outlined in this Presentation (and in particular, the Key Risks on slides 29 to 53 of this Presentation).

## **Market data**

Certain market and industry data used in this Presentation may have been obtained from research, surveys or studies conducted by third parties, including industry or general publications. Neither The Star nor its representatives or its advisers have independently verified any market or industry data provided by third parties or industry or general publications.



# IMPORTANT NOTICE AND DISCLAIMERS (5 OF 5)

## General

In this Presentation references to 'The Star', 'The Star Group', 'the Group', 'we', 'us' and 'our' are to The Star Entertainment Group Limited and (where applicable) its controlled subsidiaries and entities. Statements made in this Presentation are made only as at the date of this Presentation. The information in this Presentation remains subject to change without notice. The Star may in its absolute discretion, but without being under any obligation to do so, update or supplement this Presentation. Any further information will be provided subject to the terms and conditions contained in this Important Notice and Disclaimer.

The Star reserves the right to withdraw or vary the timetable for the Offer without notice with the prior written consent of the Underwriters.

In consideration for being given access to this Presentation, you confirm, acknowledge and agree to the matters set out in this Important Notice and Disclaimer and any modifications notified to you and/or otherwise released on ASX.

Note that Macquarie Group Limited together with its affiliates owns a net long of 0.5% or more of the equity securities of The Star Entertainment Group Limited. Macquarie Group Limited together with its affiliates beneficially owns 1% or more of the equity securities of The Star Entertainment Group Limited.

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APPENDICES

# OVERVIEW

Today, The Star announces an \$800 million equity raising

The Star also announces it has secured covenant relief through to June 2025

## CAPITAL STRUCTURE INITIATIVES

### Equity Raising

- ◆ \$800m equity raising (**Equity Raising**):
  - a ~\$685m 3 for 5 pro rata accelerated non-renounceable entitlement offer (**Entitlement Offer**)
  - a ~\$115m institutional placement (**Placement**)
- ◆ Equity Raising will be conducted at a fixed price of \$1.20 per new share, representing a discount of:
  - 13.6% to TERP<sup>1</sup> of \$1.39 on 21 February 2023
  - 21.1% to the last closing price of \$1.52 on 21 February 2023
- ◆ Net proceeds from the Equity Raising will be used to repay debt and increase liquidity
- ◆ The Star's strategic partners, Chow Tai Fook Enterprises Limited and Far East Consortium International Limited, have provided binding pre-commitments for ~\$80m, which equates to their functional pro rata entitlement in the Equity Raising
- ◆ The balance of the Equity Raising is underwritten

### Covenant Relief

- ◆ Covenant relief secured from both bank lenders and USPP noteholders through to June 2025<sup>2</sup>
- ◆ Amended covenants provide increased financial flexibility to help navigate a range of operating and regulatory uncertainties

### Capital Structure Settings

- ◆ The Star to target 2.0x – 2.5x leverage over the long-term
- ◆ Ongoing focus on capital structure optimisation, refinancing initiatives, asset monetisation and liquidity position
- ◆ Dividends suspended until The Star reaches its long-term target leverage range of 2.0x – 2.5x, returns to suitability and all of the Group's casino licences are in full force and effect<sup>3</sup>

Notes: <sup>1</sup> TERP is the theoretical ex-rights price including the Placement shares. TERP is calculated by reference to The Star's closing price of \$1.52 on 21 February 2023, being the last trading day prior to the announcement of the Equity Raising. <sup>2</sup> Covenant relief is conditional on completion of the announced Equity Raising. The Group obtained an amendment from USPP debt holders to exclude the financial impact of penalties on covenants at 31 December 2022. <sup>3</sup> See also 'Dividends and other distributions may fluctuate or may not be paid' in the Key Risks section of this Presentation on page 53.

# STRENGTHENED BALANCE SHEET

Pro forma as at 31 December 2022



**\$341m**  
Pro forma  
Net Debt<sup>1</sup>

**Reduction of \$770m**  
(from \$1,111m)



**0.8x**  
Pro forma  
Net Debt / EBITDA<sup>2</sup>

**Reduction of 1.9x**  
(from 2.7x)



**\$754m**  
Pro forma  
Liquidity<sup>3</sup>

**Increase of \$200m**  
(from \$554m)

**CAPITAL STRUCTURE INITIATIVES ANNOUNCED TODAY PROVIDE INCREASED FINANCIAL FLEXIBILITY TO MEET CAPITAL REQUIREMENTS PROVISIONED FOR AND NAVIGATE A RANGE OF OPERATING AND REGULATORY UNCERTAINTIES**

Notes: <sup>1</sup> Net debt shown as interest bearing liabilities (excluding lease liabilities of \$40m) less cash and cash equivalents of \$109m less the net impact of derivative financial instruments (\$45m). <sup>2</sup> Normalised results reflect the underlying performance of the business as they remove the inherent win rate volatility of the International VIP Rebate business, noting The Star has suspended all rebate business. Normalised results are adjusted using an average win rate of 1.35% on actual turnover, taxes and revenue share commissions and are before significant items. <sup>3</sup> Pro forma liquidity position includes \$109m of cash and \$645m of pro forma undrawn bank facilities.

**THE STAR ENTERTAINMENT GROUP**

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# LOOKING AHEAD

Strengthened balance sheet provides a platform for The Star to continue to deliver on its key strategic priorities



Note: <sup>1</sup> There are risks associated with the opening of Queen's Wharf Brisbane and The Star's development projects. See, in particular, 'Opening of Queen's Wharf Brisbane' and 'Development projects' in the Key Risks section of this Presentation on pages 40 to 42.

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# NEW LEADERSHIP, CLEAR STRATEGIC PRIORITIES

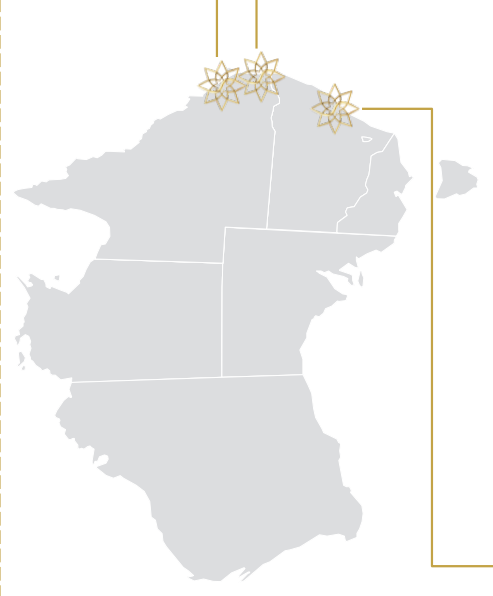
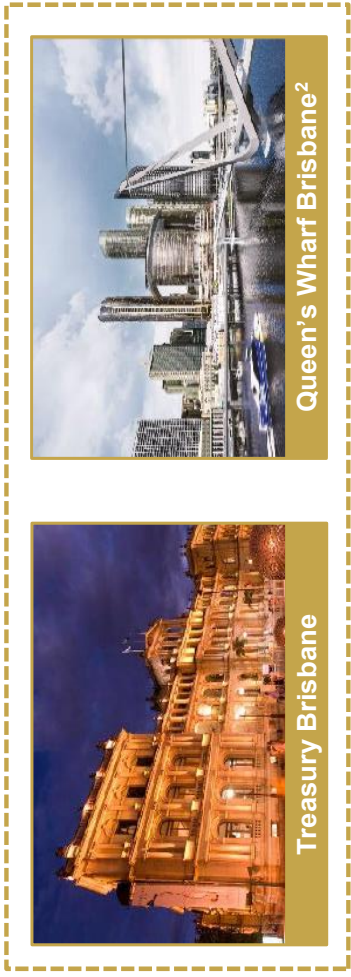




# ATTRACTIVE PORTFOLIO WITH GROWTH POTENTIAL

- 1 Leading locations**
  - ◆ Three properties in large catchment areas (Queen's Wharf Brisbane to replace Treasury Brisbane once open)
  - ◆ Positioned in Australia's first and third largest population centres
- 2 Portfolio of premium properties**
  - ◆ Portfolio of freehold and leasehold properties with cost base of >\$2.5bn
- 3 Scale and diversity of offering**
  - ◆ Substantial and growing entertainment, hotel and F&B offering
  - ◆ Diversity of revenue and earnings
  - ◆ Mix of domestic and international patrons
- 4 Global tourism and entertainment appeal**
  - ◆ Integrated resort destinations
  - ◆ Located in premier tourist destinations
  - ◆ Queen's Wharf Brisbane and Gold Coast well placed to benefit from Brisbane 2032 Olympics growth
- 5 Growth potential**
  - ◆ Queen's Wharf Brisbane phased opening from December 2023 – \$2.9bn precinct development<sup>1</sup>
  - ◆ Second Gold Coast Tower opening 2024
  - ◆ Future development potential in Sydney

QWB to replace Treasury Brisbane once open



Notes: <sup>1</sup> There are risks associated with the opening of Queen's Wharf Brisbane. See, in particular, 'Opening of Queen's Wharf Brisbane' and 'Development projects' in the Key Risks section of this Presentation on pages 40 to 42. <sup>2</sup> Concept image only.

# PORTFOLIO OF PREMIUM PROPERTIES

QWB to replace Treasury Brisbane once open

	The Star Sydney	The Star Gold Coast <sup>1,2</sup>	Queen's Wharf Brisbane <sup>2</sup>	Treasury Brisbane
Year opened	◆ 1997	◆ 1985	◆ Dec 2023 phased opening <sup>3</sup>	◆ 1995
Gaming licence <sup>4</sup>	◆ 99 years <i>Currently Suspended. Manager holding Licence</i>	◆ Perpetual licence <i>Deferred Suspension until 1 December 2023. Special Manager appointed</i>	◆ 99 years from opening ◆ 50 year casino management agreement	◆ Expires 2070 <i>Deferred Suspension until 1 December 2023. Special Manager appointed</i>
Gaming <sup>5</sup>	◆ 1,500 EGMs (licence cap) ◆ 307 tables (uncapped) ◆ 511 MTGMs (uncapped)	◆ 1,651 EGMs (licence cap) ◆ 111 tables (uncapped) ◆ 154 MTGMs (uncapped)	◆ 2,500 EGMs (licence cap) ◆ 250 tables (at open) ◆ 300 MTGMs (at open)	◆ 1,632 EGMs (licence cap) ◆ 95 tables (uncapped) ◆ 176 MTGMs (uncapped)
Non-gaming	◆ 650 hotel rooms ◆ 36 F&B venues	◆ 1,164 hotel rooms ◆ 22 F&B venues	◆ ~1,000 hotel rooms ◆ >50 F&B venues	◆ 125 hotel rooms ◆ 16 F&B venues
Property ownership	◆ 100% owned by The Star ◆ 3.8 hectares ◆ Leasehold	◆ 100% owned by The Star ◆ 6.8 hectares ◆ Freehold	◆ 50% The Star ◆ 25% Chow Tai Fook Enterprises Limited ◆ 25% Far East Consortium International Limited ◆ 12.8 hectares ◆ Leasehold	◆ Acquired by Charter Hall Group in Oct 2021 <sup>6</sup> ◆ 1.9 hectares ◆ Leasehold
Historical capex (FY17-22)	\$931m	\$693m	\$2.9bn	\$142m
1H23 opex	\$308m	\$161m	n.a.	\$101m

Notes: <sup>1</sup> Excludes Gold Coast Tower 2. <sup>2</sup> Concept image only. <sup>3</sup> There are risks associated with the opening of Queen's Wharf Brisbane. See, in particular, 'Opening of Queen's Wharf Brisbane' and 'Development projects' in the Key Risks section of this Presentation on pages 40 to 42. <sup>4</sup> There is a risk that one or more of The Star Sydney, Treasury Brisbane or The Star Gold Coast may not return to suitability to hold a casino licence. See, in particular, 'Future suitability to hold casino licences in New South Wales and Queensland' in the Key Risks section of this Presentation on pages 29 to 30. <sup>5</sup> EGMs refer to licence caps. Tables and MTGMs are uncapped. <sup>6</sup> See, in particular, 'Mergers, acquisitions and divestments' in the Key Risks section of this Presentation on page 48.



# THE STAR SYDNEY

## SYDNEY'S LARGEST AND MOST DIVERSIFIED CASINO

- ◆ Largest casino in NSW and second largest casino in Australia with prime location in Pymont Bay:
  - Signature gaming with 1,500 EGMs and 300+ tables
  - 650 hotel rooms and 36 F&B outlets
- ◆ Only casino operator of EGMs in NSW and only operator of mass-market table games
- ◆ Development pipeline<sup>1</sup> with \$1bn Star Sydney Master Plan:
  - Luxury mixed use Tower 2
  - Theatres including 1,500 seat Broadway-style auditorium
- ◆ Well-positioned to capitalise on the return of inbound tourism
- ◆ Clear set of near-term strategic priorities:
  - Implementing measures to improve operating efficiency and cost control
  - Enhancing customer experience
  - Refocus on competitive positioning (e.g. loyalty benefits and pricing)

	SOVEREIGN AND CHAIRMAN'S ROOMS	TOTAL
<b>EGMs</b>	~310	1,500 (licence cap)
<b>Tables</b>	~95	~300 (uncapped)
<b>MTGMS</b>	~100	511 (uncapped)

Notes: <sup>1</sup> Subject to Board and other approvals. <sup>2</sup> Concept image only.

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Concept image only

THE STAR SYDNEY – POTENTIAL NORTHERN TOWER EXPANSION<sup>1,2</sup>



Concept image only

THE STAR SYDNEY – POTENTIAL THEATRE EXPANSION<sup>1,2</sup>



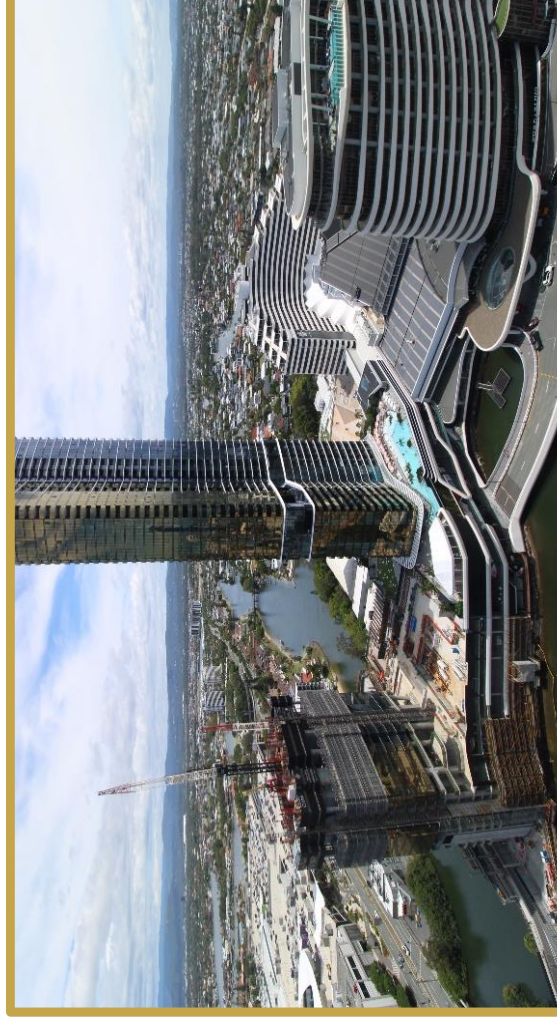
# GOLD COAST

## TOWER 1 OPEN, TOWER 2 OPENING 2024

- ◆ The Star Gold Coast has undergone significant transformation as masterplan delivery continues<sup>1</sup>
- ◆ Strong performance, driven by local customers and domestic tourism, will be enhanced when international tourism returns
- ◆ The Dorsett Hotel and Residences completed its first full year of operation in 2022
  - 313 hotel rooms and 422 apartments
  - Performing above forecast levels given higher than expected occupancy
- ◆ Tower 2 to house five-star hotel and apartments, with construction on track for a 2024 opening (all apartments pre-sold)<sup>2</sup>
- ◆ Upon completion of Tower 2, The Star Gold Coast will have around 2,000 hotel rooms and apartments on the island

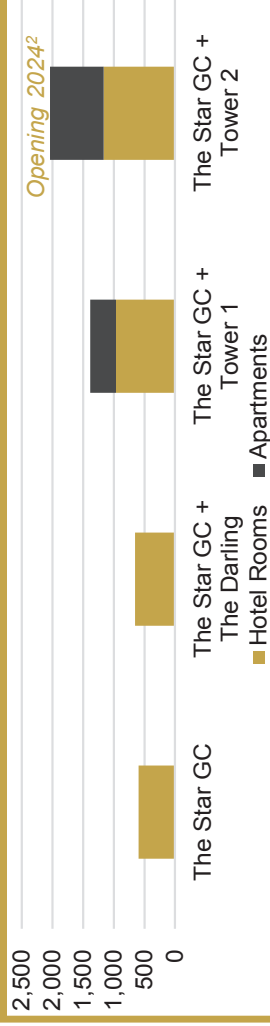


THE STAR GOLD COAST – TOWERS 1 AND 2 – FEBRUARY 2023



THE STAR GOLD COAST – TOWERS 1 AND 2 – AUGUST 2022

## THE STAR GOLD COAST HOTEL ROOM AND APARTMENT GROWTH



## TARGET DATE<sup>1</sup>

- 2024<sup>2</sup> ◆ Complete construction of Tower 2

Notes: <sup>1</sup> Subject to Board and other approvals. <sup>2</sup> There are risks associated with The Star's development projects. See, in particular, 'Development projects' in the Key Risks section of this Presentation on page 40.



# QUEEN'S WHARF BRISBANE

## PHASED OPENING FROM DECEMBER 2023<sup>1</sup>

- ◆ The Star is 50% owner and sole operator of Queen's Wharf Brisbane – a transformative development for Brisbane, offering an integrated resort within the CBD
- ◆ Queen's Wharf Brisbane phased opening from December 2023. Fully opened, the integrated resort will comprise:
  - ~1,000 hotel rooms
  - More than 50 restaurants, bars and cafes
  - Luxury retail
  - 1,500 person ballroom
  - Sky Deck
  - 7.5 ha public space
- ◆ Queen's Wharf Brisbane integrated resort precinct will provide a wide range of tourism attractions which is expected to drive local, domestic and international visitation
- ◆ Queen's Wharf Brisbane is expected to create substantial economic benefits, including the creation of direct and indirect jobs

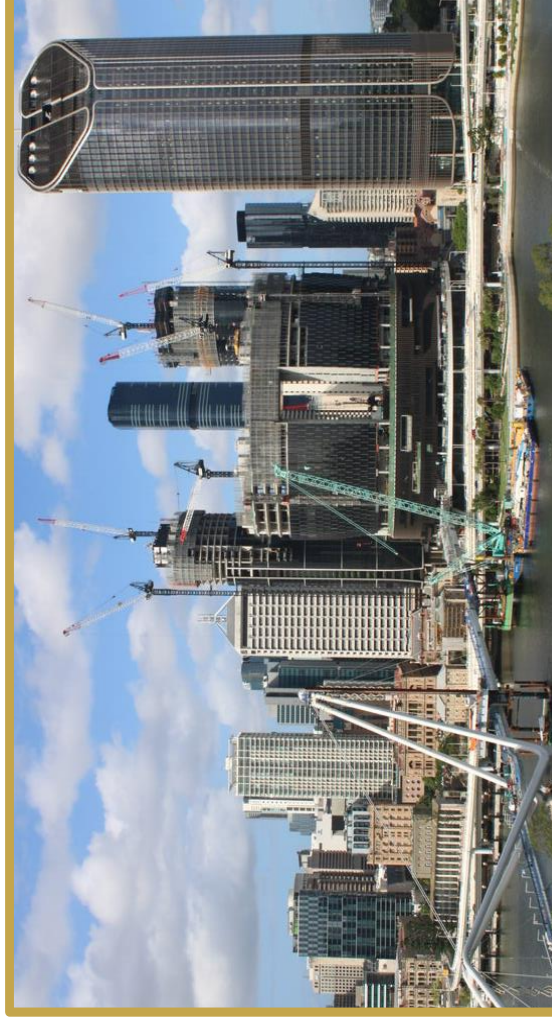
## TARGET DATES<sup>1</sup>

- |                       |   |
|-----------------------|---|
| Dec 2023 <sup>2</sup> | ◆ Opening of the first stage of the Integrated Resort     |
| 2024                  | ◆ Continuation of phased opening of the Integrated Resort |

Notes: <sup>1</sup> Subject to planning and other approvals. <sup>2</sup> There are risks associated with the opening of Queen's Wharf Brisbane. See, in particular, 'Opening of Queen's Wharf Brisbane' and 'Development projects' in the Key Risks section of this Presentation on pages 40 to 42.



VIEW FROM 1 WILLIAM STREET – FEBRUARY 2023



VIEW FROM SOUTH BANK – FEBRUARY 2023

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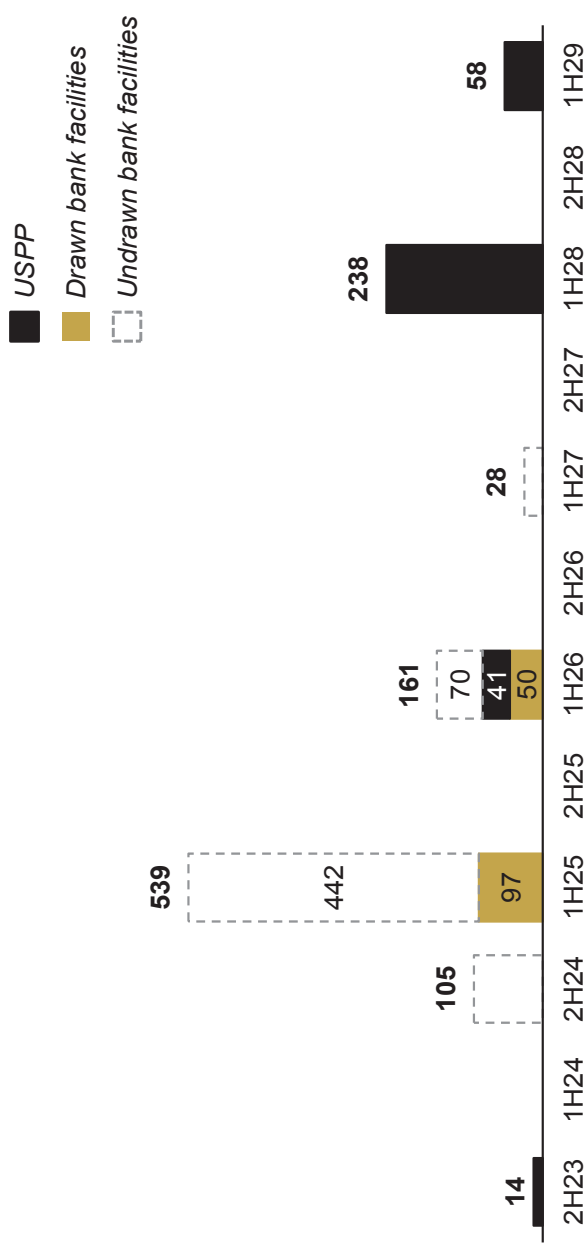
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# EQUITY RAISING REDUCES DEBT, INCREASES LIQUIDITY AND PROVIDES A PLATFORM FOR REFINANCING INITIATIVES

## OVERVIEW

- ◆ Covenant relief secured from both bank lenders and USPP noteholders through to June 2025<sup>1</sup>
- ◆ Provides increased financial flexibility to help navigate a range of operating and regulatory uncertainties
- ◆ The Star to target 2.0x – 2.5x leverage over the long-term
- ◆ Dividends suspended until The Star reaches its long-term target leverage range of 2.0x – 2.5x, returns to suitability and all of the Group's casino licences are in full force and effect<sup>2</sup>
- ◆ Ongoing focus on capital structure optimisation, refinancing initiatives, asset monetisation and liquidity position<sup>3</sup>

## PRO FORMA DEBT MATURITY PROFILE (\$M)<sup>4</sup>



**As at 31 December 2022, on a pro forma basis<sup>4</sup>, The Star has ~\$111m of outstanding debt due in the next ~18 months (by July 2024)**

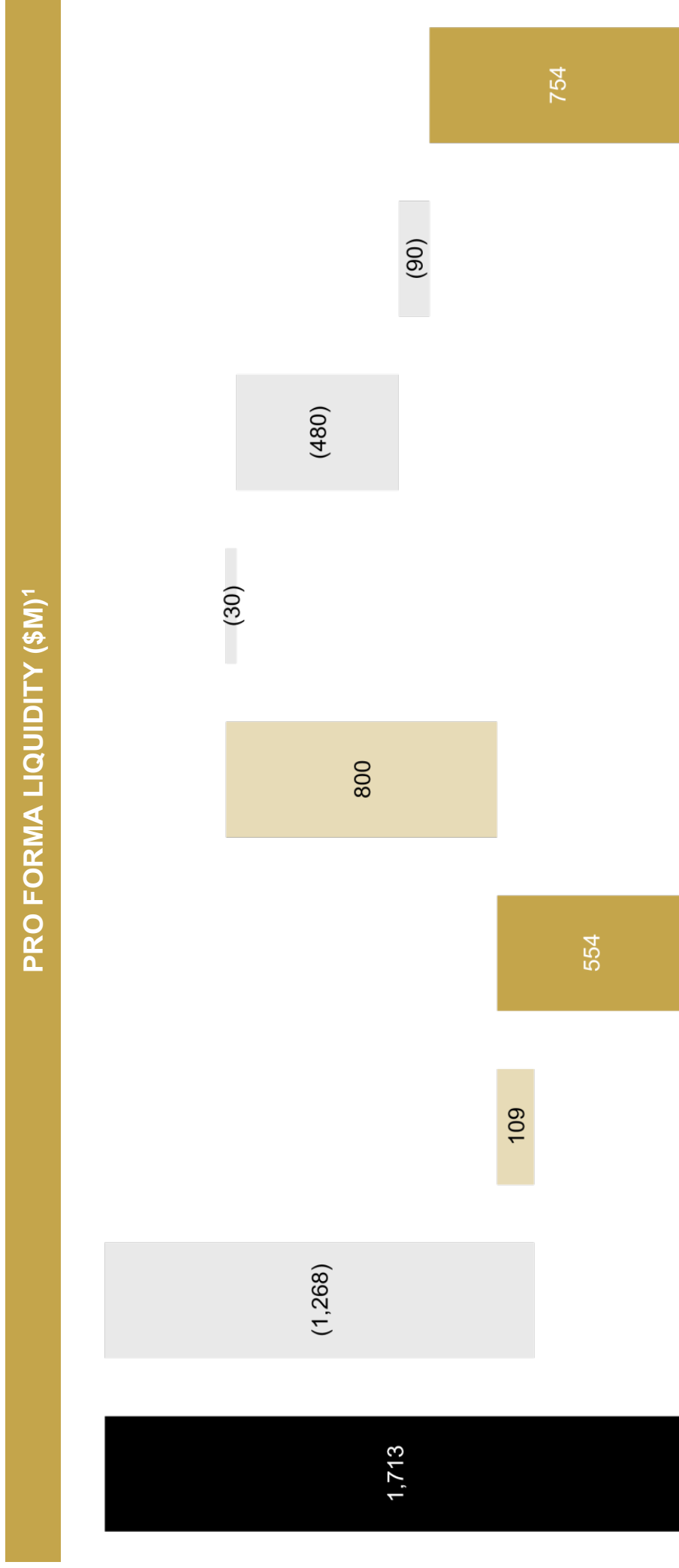
- ◆ Net proceeds of \$770m<sup>5</sup> will be used to repay debt, of which:
  - \$480m will be repaid and cancelled; and
  - \$290m will be initially used to repay debt, balancing the optimisation of funding costs, liquidity and maturity profile to maintain flexibility
- ◆ In addition, \$90m of undrawn bank facilities have been cancelled

Notes: <sup>1</sup> Covenant relief is conditional on completion of the announced Equity Raising. The Group obtained an amendment from USPP debt holders to exclude the financial impact of penalties on covenants at 31 December 2022. <sup>2</sup> See also 'Dividends and other distributions may fluctuate or may not be paid' in the Key Risks section of this Presentation on page 53. <sup>3</sup> There are risks associated with the availability of funding and liquidity that apply to The Star and its controlled entities. See 'Availability of funding, service of debt financing, liquidity risk' in the Key Risks section of this Presentation on pages 37 to 39. <sup>4</sup> As at 31 December 2022, with pro forma adjustments for debt repayment and facility cancellation as a result of the Equity Raising and a \$13.6m USPP liability due in 2H FY2023. USPP debt shown on a current foreign exchange rate basis. <sup>5</sup> Gross proceeds from Equity Raising of \$800m less estimated transaction costs of \$30m. Further detail provided on page 28.



# INCREASED LIQUIDITY

Net proceeds from the Equity Raising will be used to repay debt and increase liquidity – providing The Star with enhanced financial flexibility to help navigate a range of operating and regulatory uncertainties



Note: <sup>1</sup> As at 31 December 2022, pro forma liquidity position includes \$109m of cash and \$64.5m of pro forma undrawn bank facilities. Further detail provided on page 28.

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# SOURCES AND USES OF FUNDS

**Net proceeds from the Equity Raising will be used to repay debt and increase liquidity – providing The Star with enhanced financial flexibility to help navigate a range of operating and regulatory uncertainties**

<b>Sources of funds</b>	
Entitlement Offer	~\$685m
Placement	~\$115m
<b>Total sources of funds</b>	<b>\$800m</b>

<b>Uses of funds</b>	
Repayment and cancellation of drawn debt	\$480m
Repayment of drawn debt <sup>1</sup>	\$290m
Estimated transaction costs	\$30m
<b>Total uses of funds</b>	<b>\$800m</b>

Note: <sup>1</sup> The Star utilises bank facilities to optimise funding costs, liquidity and maturity profile to maintain flexibility.

# EQUITY RAISING DETAILS

Offer Structure and Size	<ul style="list-style-type: none"> <li>◆ \$800 million Equity Raising comprised of:             <ul style="list-style-type: none"> <li>• a 3 for 5 pro rata accelerated non-renounceable entitlement offer (<b>Entitlement Offer</b>) to existing eligible shareholders to raise ~\$685 million; and</li> <li>• an institutional placement (<b>Placement</b>) to raise ~\$115 million</li> </ul> </li> <li>◆ Approximately 666.7 million new shares to be issued, representing ~70% of the existing shares on issue</li> </ul>
Offer Price	<ul style="list-style-type: none"> <li>◆ \$1.20 per new share (<b>Equity Raising Price</b>), represents:             <ul style="list-style-type: none"> <li>• a 13.6% discount to the theoretical ex-rights price of \$1.39 (<b>TERP</b>)<sup>1</sup></li> <li>• a 21.1% discount to The Star's closing price on 21 February 2023 of \$1.52</li> </ul> </li> </ul>
Institutional Offer and Placement	<ul style="list-style-type: none"> <li>◆ The institutional component of the Entitlement Offer and the Placement will be conducted on 23 February 2023<sup>2</sup></li> <li>◆ Entitlements not taken up and those of ineligible shareholders will be placed into an institutional shortfall bookbuild and sold at the Equity Raising Price</li> </ul>
Retail Entitlement Offer	<ul style="list-style-type: none"> <li>◆ Retail Entitlement Offer to open on 2 March 2023 and close at 5.00pm AEDT on 13 March 2023</li> <li>◆ Only eligible shareholders with an address on The Star's share register as at 7.00pm AEDT 27 February 2023 in Australia or New Zealand may participate in the Retail Entitlement Offer</li> </ul>
Ranking	<ul style="list-style-type: none"> <li>◆ New fully paid ordinary shares (<b>New Shares</b>) will rank equally with existing shares on issue</li> </ul>
Settlement <sup>2</sup>	<ul style="list-style-type: none"> <li>◆ Settlement of New Shares issued under the Placement and Institutional Entitlement Offer on 6 March 2023</li> <li>◆ Settlement of New Shares issued under the Retail Entitlement Offer on 17 March 2023</li> </ul>
Support From Strategic Partners	<ul style="list-style-type: none"> <li>◆ The Star has received support for the Equity Raising from its strategic partners, Chow Tai Fook Enterprises Limited and Far East Consortium International Limited (<b>Partners</b>)</li> <li>◆ The Partners have provided binding pre-commitments to The Star for ~\$80 million of New Shares, which equates to their functional pro rata entitlement across the Placement and Entitlement Offer</li> <li>◆ The Partners will participate on the Retail Entitlement Offer timetable to ensure they do not exceed relevant casino ownership limits</li> </ul>
Underwriting	<ul style="list-style-type: none"> <li>◆ The Partners have provided binding pre-commitments for ~\$80 million of New Shares</li> <li>◆ The balance of the Equity Raising is underwritten</li> </ul>
Record Date <sup>2</sup>	<ul style="list-style-type: none"> <li>◆ 27 February 2023 (7.00pm AEDT)<sup>2</sup></li> </ul>

Notes: <sup>1</sup> TERP is the theoretical ex-rights price including the Placement shares. TERP is calculated by reference to SGR's closing price of \$1.52 on 21 February 2023, being the last trading day prior to the announcement of the Equity Raising. TERP is a theoretical calculation only and the actual price at which SGR shares trade immediately after the ex-date of the Equity Raising will depend on many factors and may not be equal to TERP. <sup>2</sup> These timings are indicative only and subject to variation. The Star reserves the right to alter the timetable at its absolute discretion and without notice, subject to the Listing Rules, Corporations Act and other applicable laws. All references to time are to AEDT.

# EQUITY RAISING TIMETABLE

Events	Dates
Announcement of Equity Raising	Thursday, 23 February
Placement and Institutional Entitlement Offer bookbuild	Thursday, 23 February
Announcement of results of the Placement and Institutional Entitlement Offer	Friday, 24 February
The Star shares recommence trading	Friday, 24 February
Entitlement Offer Record Date (7.00pm AEDT)	Monday, 27 February
Retail Entitlement Offer opens (Retail Information Booklets despatched along with Entitlement and Acceptance Forms to eligible retail shareholders)	Thursday, 2 March
Settlement of New Shares issued under the Placement and Institutional Entitlement Offer	Monday, 6 March
Allotment and trading of New Shares issued under the Placement and Institutional Entitlement Offer	Tuesday, 7 March
Retail Entitlement Offer closes (5.00pm AEDT)	Monday, 13 March
Settlement of New Shares issued under the Retail Entitlement Offer	Friday, 17 March
Allotment of New Shares issued under the Retail Entitlement Offer	Monday, 20 March
Commencement of trading of New Shares issued under the Retail Entitlement Offer	Tuesday, 21 March

Note: The timetable is indicative only and subject to variation. The Star reserves the right to alter the timetable at its absolute discretion and without notice, subject to the Listing Rules, Corporations Act and other applicable laws. All references to time are to AEDT.

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# SUMMARY OF KEY RISKS

The following is a high-level summary of certain key risks that may impact The Star. Investors should consider the key risks in the appendices in their entirety before making an investment decision

<b>Future suitability to hold casino licences</b>	<ul style="list-style-type: none"><li>◆ Casino licence in NSW suspended, and casino licences in Queensland suspended on a deferred basis, following the Bell and Gotterson Reviews</li><li>◆ Return to suitability is an ongoing process and is not certain</li></ul>
<b>Ongoing regulatory compliance and legal proceedings</b>	<ul style="list-style-type: none"><li>◆ Ongoing regulatory investigations, reviews and compliance</li><li>◆ Civil penalty proceedings commenced against The Star (AUSTRAC) and a number of former directors and officers, and one current director of The Star (ASIC)</li><li>◆ Four current securities class actions filed against The Star in the Supreme Court of Victoria, and extent of cover under existing insurance arrangements</li><li>◆ Pecuniary penalties handed down in NSW and Queensland following the Bell and Gotterson Reviews</li></ul>
<b>Legislative and regulatory reform</b>	<ul style="list-style-type: none"><li>◆ Proposed increase to specified duty rates applicable to casinos in NSW</li><li>◆ Recent regulatory changes in NSW and Queensland</li><li>◆ Proposed further reforms recommended by the Bell and Gotterson Reviews in NSW and Queensland</li></ul>
<b>Remediation actions</b>	<ul style="list-style-type: none"><li>◆ Adequacy of the remediation actions being implemented by The Star to successfully return the relevant The Star Group entities to suitability to hold casino licences in NSW and Queensland</li><li>◆ Failure to implement remediation actions in an effective and timely manner</li></ul>
<b>Development projects</b>	<ul style="list-style-type: none"><li>◆ Delays to the opening of development projects in which The Star holds an interest (including Queen's Wharf Brisbane)</li><li>◆ Requirement to contribute further equity capital to projects</li><li>◆ Ability to refinance project debt (including Queen's Wharf Brisbane)</li></ul>
<b>Earnings outlook</b>	<ul style="list-style-type: none"><li>◆ Increased industry competition, a challenging operating environment, and increased costs</li><li>◆ Macro conditions including consumer demand, and domestic and international tourism</li></ul>
<b>Availability of funding, debt servicing and banking facilities</b>	<ul style="list-style-type: none"><li>◆ Availability of funding (including as a result of increased focus on ESG considerations by lenders)</li><li>◆ Risks associated with refinancing of existing debt facilities and longer term liquidity position</li><li>◆ Availability of transaction banking, merchant services and other banking facilities</li><li>◆ Completion of Treasury Brisbane sale and other proposed asset disposals</li><li>◆ Successful completion of the Equity Raising</li></ul>
<b>Covenant compliance</b>	<ul style="list-style-type: none"><li>◆ Covenant relief secured through to June 2025 is subject to conditions, including completion of the Equity Raising</li><li>◆ Adequacy of covenant relief and continued compliance with The Star's debt covenants</li></ul>



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# PRO FORMA INDEBTEDNESS AS AT 31 DECEMBER 2022

\$m	31 Dec 2022	Equity Raising Proceeds	Estimated Transaction Costs	Repayment and Cancellation of Debt	Net Cash Proceeds <sup>1</sup>	31 Dec 2022 (pro forma)
<b>DEBT</b>						
Drawn bank facilities	685			(248)	(290)	147
USPP notes	583			(232)	-	351
<b>Total debt</b>	<b>1,268</b>	<b>-</b>	<b>-</b>	<b>(480)</b>	<b>(290)</b>	<b>498</b>
Cash and cash equivalents	109	800	(30)	(480)	(290)	109
Net derivatives	45					45
Borrowing costs	3					3
<b>Net debt<sup>2</sup></b>	<b>1,111</b>	<b>(800)</b>	<b>30</b>	<b>-</b>	<b>-</b>	<b>341</b>
Undrawn bank facilities	445			(90)	290	645
<b>Liquidity<sup>3</sup></b>	<b>554</b>	<b>800</b>	<b>(30)</b>	<b>(570)</b>	<b>-</b>	<b>754</b>
<b>Total bank facilities</b>	<b>1,130</b>			<b>(338)</b>		<b>792</b>
<b>Total USPP notes</b>	<b>583</b>			<b>(232)</b>		<b>351</b>
<b>Total facilities</b>	<b>1,713</b>	<b>-</b>	<b>-</b>	<b>(570)</b>	<b>-</b>	<b>1,143</b>

Notes: <sup>1</sup> The Star utilises bank facilities to optimise funding costs, liquidity and maturity profile to maintain flexibility. <sup>2</sup> Net debt shown as interest bearing liabilities (excluding lease liabilities of \$40m) less cash and cash equivalents of \$109m less the net impact of derivative financial instruments. <sup>3</sup> Pro forma liquidity position includes \$109m of cash and \$645m of pro forma undrawn bank facilities.

# KEY RISKS

The Star's financial position and performance, its dividends and the market price of The Star's shares may be adversely affected, sometimes materially, by a number of risk factors. Holders of The Star shares (**The Star Shareholders**) should accordingly be aware that an investment in The Star carries a number of risks, some of which are specific to The Star (that is, matters that relate directly to The Star's business) and some of which are general risks that relate to the industries in which The Star operates or to listed securities generally. These risks mean that the price and value of The Star shares may rise or fall over any given period. Some of these risks are beyond The Star's control.

The Star Shareholders should be aware of the following risks (which are some, but not necessarily all, of the risks) which may affect the future operating and financial performance of The Star and the value of The Star shares. Additional risks and uncertainties that The Star is unaware of, or that it currently considers to be immaterial, may also become important factors that adversely affect The Star's operating and financial performance.

Before investing in The Star shares, you should consider whether this investment is suitable for you. Potential investors should also consider publicly available information in relation to The Star (for example, as available on the websites of The Star and ASX), carefully consider their personal circumstances and consult their stockbroker, solicitor, accountant or other professional advisor to ensure they understand fully the terms of the Offer and the inherent risks before making an investment decision.

## 1.1 Risks associated with The Star's business

The Star Group's activities are subject to risks that can adversely impact its business, operations, financial condition and reputation. Certain key and other risks and uncertainties that The Star Group may face are summarised below.

Additional risks and uncertainties that The Star Group is unaware of, or that The Star Group currently deems to be immaterial, may also become important factors that affect it.

If any of the listed or unlisted risks actually occur, The Star Group's business, operations, financial condition, or reputation could be materially and adversely impacted, with the result that the trading price of The Star Group's equity or debt securities could decline, and investors could lose all or part of their investment.

### 1.1.1 Key risks impacting The Star's business

#### (a) Future suitability to hold casino licences in New South Wales and Queensland

The Star's operations are regulated by laws, licences, permits and other approvals from relevant government agencies (including gaming regulatory authorities), which creates a risk that a material licence (including a gaming licence) held by The Star Group could be cancelled, suspended, restricted or not renewed.

#### **The Star Sydney**

As disclosed to ASX on 17 October 2022, following the review of The Star Sydney undertaken by Mr Adam Bell SC (**Bell Review** or **Bell Report**), the New South Wales (**NSW**) Independent Casino Commission (**NICC**) made the finding that The Star Pty Limited (**The Star Sydney**), the NSW casino licence holder and wholly owned subsidiary of The Star, is not a suitable person to continue to hold a casino licence under the *Casino Control Act 1992* (NSW). The NICC also determined that the following disciplinary action be taken against The Star Sydney.

- a) The Star Sydney will, with regards to the matters identified in the Bell Report, pay a total pecuniary penalty of \$100 million, to be paid by way of three instalments by 31 March 2023 (\$30 million), by 30 June 2023 (\$30 million) and by 29 December 2023 (\$40 million), as well as \$7 million in costs incurred by the Independent Liquor and Gaming Authority in connection with the Bell Review by 31 January 2023; and
- b) The Star Sydney's casino licence has been suspended indefinitely with effect from 9.00am, 21 October 2022.

It is uncertain whether The Star Sydney's casino licence will be reinstated or if the NICC may seek to impose additional remedies available to it under the *Casino Control Act 1992* (NSW).

Unless the NICC makes a determination that The Star Sydney is a suitable person to hold its casino licence and that it is in the public interest for its casino licence to continue in force, The Star Sydney's casino licence may be cancelled. It is uncertain when the NICC will make a determination as to whether The Star Sydney's casino licence will be reinstated.

As a consequence of The Star Sydney's casino licence being suspended, NICC has certain rights under certain agreements made under the *Casino Control Act 1992* (NSW) which include the right to:

- require The Star to dispose of its shares in The Star Entertainment Sydney Holdings Limited (being, the sole shareholder of The Star Sydney);
- appoint a receiver over the assets of The Star, The Star Sydney Holdings Limited and The Star Entertainment Sydney Properties Pty Ltd (being, the lessee of the Sydney casino); and
- exercise a call option over The Star's casino assets in Sydney (including the remainder of the lessee's lease of the Sydney casino area) for fair market value for a period of 4 years and 6 months after the date of suspension.

At this stage, there has been no indication that any of these or any other relevant rights will be exercised by the NICC under any of these relevant agreements although there is a risk that the NICC may do so in the future.

The Star is engaging with NICC in relation to the implications of, and recommendations in, the Bell Report. Accordingly, there is a risk that The Star Sydney's operations may be further impacted (including by the imposition of additional restrictions) based on the outcome of that engagement.

## ***The Star's casinos in Queensland***

In addition, as disclosed to ASX on 25 October 2022, following the independent external review of the operations of The Star's casinos in Queensland undertaken by The Honourable Robert Gotterson AO (**Gotterson Review**), the Queensland Attorney-General formally determined that the Queensland casino operators, and other associated entities of The Star Group, were not suitable to be associated or connected with the management and operations of a hotel-casino complex or casino, by reason of it not being a person of good repute. On 9 December 2022, The Star received written notice from the Queensland Attorney-General and the Queensland regulator, the Office of Liquor and Gaming Regulation (**OLGR**), of the following disciplinary action under section 31 of the *Casino Control Act 1982* (Qld) in relation to The Star's subsidiaries, The Star Entertainment Qld Limited (the licensee of Treasury Brisbane (**Treasury Brisbane**)) and lessee of The Star Gold Coast (**The Star Gold Coast**)) and The Star Entertainment Qld Custodian Pty Ltd (the licensee of The Star Gold Coast):

- a) The Star will pay a total pecuniary penalty of \$100 million by instalments on 31 March 2023 (\$30 million), 30 June 2023 (\$30 million) and 31 December 2023 (\$40 million); and
- b) Treasury Brisbane and The Star Gold Coast casino licences are to be suspended for a period of 90 days on a deferred basis from 1 December 2023.

There is a risk that if The Star does not make satisfactory progress to return its Queensland casinos to a position of suitability prior to the casino licence suspension taking effect in December 2023, the Queensland Attorney-General may determine to forgo postponing or rescinding the suspension of the licences so that the suspension of The Star's relevant licence in Queensland comes into effect, or otherwise take action to cancel the relevant casino licences or implement other regulatory sanctions or licence conditions.

The failure of one or more of The Star Sydney, Treasury Brisbane or The Star Gold Coast to return to suitability to hold a casino licence and/or the cancellation of a casino licence in either state and/or the implementation or extension of a suspension of a casino licence may have a significant adverse impact on The Star's business, operations, financial performance or position, or reputation, with the result that the trading price of The Star Group's equity or debt securities could decline, and investors could lose all or part of their investment. These factors may also impact The Star's ability to continue as a going concern.

As a result of the Queensland Attorney-General's determination, there may also be implications under the casino management agreement in relation to the Queen's Wharf Integrated Resort (**Queen's Wharf**). Although no enforcement action has been taken at this stage, there is a risk that the joint venture Destination Brisbane Consortium (DBC) may terminate or renegotiate the agreement with The Star Entertainment Brisbane Operations Pty Limited.

## **(b) Appointment of external managers to NSW and Queensland casino operations**

In addition to the penalties identified above with effect from 21 October 2022, NICC appointed Mr Nicholas Weeks as Manager of The Star Sydney casino under the *Casino Control Act 1992* (NSW), originally for a term of 90 days which was extended to 19 January 2024 (unless terminated earlier by NICC). As at the date of this Presentation, The Star Sydney remains open, and net earnings continue to be paid to The Star after payment of Mr Weeks' costs. In his role as Manager, Mr Weeks has assumed responsibility for, and control of, The Star Sydney's casino operations and is the holder of the relevant casino licence for The Star Sydney casino.

Given that The Star Sydney is under the control of the Manager, there is uncertainty about its future performance as the Manager may make decisions that are adverse to The Star's interests or that of its shareholders which may have consequential impacts on The Star's operating performance and financial position through the actions of the Manager which cannot be known, foreseen or quantified at this time.

Mr Weeks has also been appointed as Special Manager under the *Casino Control Act 1982* (Qld) to monitor and report on the operations of Treasury Brisbane and The Star Gold Coast and to conduct a root cause analysis of regulatory breaches, effective for 12 months from 9 December 2022. Ms Terri Hamilton has been appointed as Manager assisting Mr Weeks in Queensland. The costs of these appointments will also be paid for by The Star.

The Star and relevant members of The Star Group have provided indemnities to Mr Weeks against most liabilities arising from these appointments. If enlivened, these indemnities may have an impact on The Star's financial position, the quantum of which is unknown.



## (c) Legal and regulatory compliance

The Star's operations, financial performance and future prospects are dependent on the legal and regulatory frameworks in which it operates. Failure to comply with legal and regulatory requirements may give rise to significant investigations or reviews, disciplinary actions, the imposition of monetary fines or the loss of, or additional restrictions in respect of, a licence. It may also lead to reputational damage. Any of these consequences may have an adverse impact on The Star's business, operations, financial performance or position, or reputation, with the result that the trading price of The Star Group's equity or debt securities could decline, and investors could lose all or part of their investment.

In addition to the consequences faced by The Star following the Bell Report and Gotterson Review (see the risk titled 'Future suitability to hold casino licences in New South Wales and Queensland'), other consequences for failure to comply with legal and regulatory requirements could be significant for The Star, including reduced revenues, increased expenses, the payment of significant monetary amounts (for example, pecuniary penalties of up to \$100 million under the current Casino Control Acts in NSW and Queensland), loss of government, consumer and community trust in The Star and, in extreme situations, the loss of parts of The Star's business. Any of those occurrences could also have an adverse impact on The Star's reputation and financial position, and increase The Star's expenditure due to additional costs and/or potential claims for compensatory damages.

### ***Ongoing regulatory investigations, reviews and compliance queries***

The Star is subject to internal investigations and reviews, and external regulatory investigations, reviews and other compliance queries from regulators. The Star has and will continue to incur considerable legal and other costs associated with, and need to reallocate resources (including management attention) to, these regulatory investigations and reviews.

These matters are not disclosed unless a material and adverse conclusion is reached or where a regulator has decided to take action that may result in a significant adverse impact on The Star. If a regulator takes an adverse view on any of these matters, there may be serious reputational consequences, and depending on the outcome of compliance queries, there may be the imposition of civil and criminal penalties, variations or restrictions, suspension or cancellation of licences, enforceable undertakings or recommendations and directions for The Star to enhance its control framework, governance and systems. This in turn could have an adverse impact on The Star's operations, financial performance and financial position.

### ***AML/CTF compliance***

The Star operates in an industry that presents high money-laundering risks. As a provider of 'designated services' under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) (**AML/CTF Act**), some entities within The Star Group are 'reporting entities' which are subject to obligations under the AML/CTF Act and Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No. 1) (together, the **AML/CTF Laws**). A failure to comply with these obligations could expose The Star to significant civil and/or criminal penalties or other regulatory actions.

### ***AUSTRAC civil penalty proceedings***

As disclosed to ASX on 30 November 2022, AUSTRAC has commenced civil penalty proceedings in the Federal Court against The Star Pty Ltd and The Star Entertainment Qld Limited in relation to alleged contraventions of obligations under the AML/CTF Act (**AUSTRAC Proceedings**). A summary of the claims is provided in The Star's financial report for the half-year ended 31 December 2022 (**1H23 Report**). The statement of claim filed by AUSTRAC does not detail the quantum of the penalty sought by AUSTRAC. Any penalty agreed between The Star Group and AUSTRAC is subject to Court approval.

As set out in the 1H23 Report, an estimate of \$150 million for the civil penalty has been provisioned on the balance sheet at 31 December 2022. However, at this stage, there is considerable uncertainty on the approach the Federal Court will ultimately take when assessing any penalty. For this reason, it is difficult to predict the timing and ultimate impact of this claim on The Star and any penalty paid by The Star Group may differ materially to the provision recorded at 31 December 2022.

Depending on whether a penalty is ultimately imposed, the quantum of any such penalty and the timeframe for its payment, this may have an adverse impact on its financial position and performance.

The Star notes that civil penalty proceedings have also been commenced by AUSTRAC against subsidiaries of the Crown Resorts Limited in relation to allegations of contraventions of obligations under the AML/CTF Act. Any final determination in relation to those proceedings may be announced before the finalisation of The Star's penalty, and may be relevant to any penalty that may ultimately be imposed on The Star as a result of the AUSTRAC Proceedings.

There is also a risk that further claims or proceedings may be commenced against members of The Star Group in the future in relation to additional alleged contraventions of obligations under the AML/CTF Act.



# KEY RISKS (CONT'D)

## ***The Star's AML/CTF uplift program***

While The Star Group has and is continuing to develop and improve (including as part of its Remediation Actions – see 'Remediation Actions' – see 'Remediation Actions') its systems, policies, processes and controls that are designed to manage its obligations under the AML/CTF Laws (including its reporting obligations), there is no guarantee that each of these will be successfully implemented or otherwise be satisfactory to AUSTRAC or other relevant regulators.

Accordingly, there is a risk that these systems, policies, processes and controls may not be implemented in an effective manner and to the satisfaction of AUSTRAC which may give rise to other adverse regulatory outcomes (including as part of its Remediation Actions – see 'Remediation Actions') and may have an adverse impact on the financial position and performance of The Star.

## ***ASIC civil penalty proceedings against directors and officers***

In December 2022, the Australian Securities and Investment Commission (**ASIC**) commenced civil penalty proceedings in the Federal Court of Australia against a number of former directors and executives and one current director of The Star (**ASIC Proceedings**).

As disclosed to ASX on 13 December 2022, the proceedings allege contraventions of section 180(1) of the Corporations Act in relation to certain matters investigated by ASIC and previously considered by the Bell Report and Gotterson Review. No member of The Star Group is party to these proceedings. It is not possible to predict the timing and ultimate impact of these claims on The Star (including in terms of The Star Group bearing costs for the defendants). The ASIC proceedings are at an early stage and the issues and allegations could change as the case proceeds. Accordingly, although The Star and its other current directors and officers, and current and former employees, are not currently a party to these proceedings, there can also be no assurance that further significant litigation, claims or penalties will not arise in the future involving The Star or any other person, which may or may not be covered by The Star Group's relevant insurance policies (where such policies are in place). Any defences or evidence filed, public hearings held and judgements delivered may also involve further releases of adverse information about The Star's past practices and could have an adverse impact on The Star.

## ***Compliance with internal control manuals and breach reporting***

The Star is subject to mandatory reporting requirements in NSW and Qld in relation to, for example, breaches of the Casino Control Acts and Internal Control Manuals (**ICMs**) in each State.

Binding ICMs are approved by the casino regulators (NICC in NSW and OLGR in Qld, respectively) and set out the operational controls to be put in place in the relevant casino operator's business.

If a regulator takes an adverse view on any of the breaches reported (either alone or in aggregate), there may be serious reputational consequences, and there may be the imposition of civil and criminal penalties, variations or restrictions, suspension or cancellation of licences, enforceable undertakings or recommendations and directions for The Star to further enhance its control framework, governance and systems. This in turn could have an adverse impact on The Star's operations, financial performance and financial position. There can also be no assurance that further significant litigation, claims or penalties will not arise in the future in respect of breaches or non-compliances reported, or otherwise brought to the attention of, relevant regulators (including in respect of historical breaches or non-compliances), which may or may not be covered by The Star Group's relevant insurance policies (where such policies are in place).

## **(d) Litigation and disputes**

From time to time, The Star Group may become involved in claims, litigation, disputes and other legal proceedings, which may be with or without merit. If The Star Group is involved in any claims, litigation, disputes or other legal proceedings, this may disrupt The Star's business, cause The Star to incur significant legal costs and reputational damage, and/or may divert management's attention away from the day-to-day operation of the business.

## ***Securities class actions filed against The Star***

The Star has been served by each of Slater & Gordon, Maurice Blackburn, Phi Finney McDonald and Shine Lawyers with separate statements of claim for securities class actions in the Supreme Court of Victoria (**Class Actions**).

# KEY RISKS (CONT'D)

The claims served to date are substantially similar and allege The Star Group failed to comply with continuous disclosure requirements and engaged in misleading or deceptive conduct between 29 March 2016 and 16 March 2022 (in respect of the class actions served by Slater & Gordon and Maurice Blackburn), between 29 March 2016 and 25 May 2022 (in respect of the class action served by Shine Lawyers) and between 29 March 2016 and 13 June 2022 (in respect of the class action served by Phi Finney McDonald) through various alleged disclosures or non-disclosures about its systems, controls, operations and regulatory risks.

While The Star intends to defend the Class Actions, the risk of The Star being ordered to pay damages in relation to the Class Actions, the quantum of any such damages and the potential impact of these Class Actions on The Star and its business and financial position, are not yet known. Any defences or evidence filed in respect of these claims, public hearings or judgments may also involve further releases of adverse information about The Star's past practices and therefore could have an adverse impact on The Star's reputation.

The Class Actions are at an early stage. Consequently, the scope of the issues that may ultimately be raised is not yet known. In light of the Bell Report, Gotterson Review, the AUSTRAC Proceedings and the ASIC Proceedings there is the potential for the issues raised under the Class Actions to change. There can also be no assurance that other significant litigation will not arise in the future (including additional class actions), which may or may not be covered by The Star Group's relevant insurance policies (where such policies are in place), and that the outcome of legal proceedings from time to time will not have an adverse impact on The Star Group's financial performance, financial position or prospects.

## **Other legal actions involving members of The Star Group**

There are other outstanding and potential claims (including indemnity claims) and legal actions between The Star, its controlled entities (including joint venture entities or partners), and third parties as at 31 December 2022. These include (amongst others):

- matters which were the subject of the Bell and Gotterson Reviews;
- claims for additional costs, extensions of time and damages in relation to certain of The Star's and its controlled entities' current developments – including between DBC and the contract builder for Queen's Wharf (see, in particular, 'Opening of Queen's Wharf Brisbane'); and
- the NSW Government's compulsory acquisition of 37-69 Union Street, Pyrmont Sydney in which The Star Group holds a 50% interest.

## **Provision for liability and insurance**

In relation to provision for potential damages, The Star has notified its insurance carrier of all relevant litigation (including the class actions filed to date). Any damages (other than exemplary damages) that may be awarded against The Star, in addition to its costs incurred in connection with the action, may or may not 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 estimated.

As the outcomes of these actions (including the matters noted in 'Legal and regulatory compliance') remain uncertain and to the extent to which any relevant insurance policies may respond, contingent liabilities exist for possible amounts that may become payable that are in excess of the amounts covered, or may be claimed, under The Star Group's relevant insurance policies (including director and officer's insurance arrangements) or of the amounts provided for. There is a risk that contingent liabilities may be larger than anticipated or that additional litigation, regulatory actions or legal proceedings or other contingent liabilities may arise. There is also a risk that The Star may have direct liability in circumstances where relevant insurance policies do not respond or the amount payable in respect of a claim is in excess of the amount covered under the relevant policy.

## **(e) Remediation Actions**

The Star is in the process of developing and implementing a comprehensive, multi-year remediation plan and associated actions (**Remediation Actions**) to improve The Star's governance, accountability and capabilities, culture and risk and compliance practices.

There is no guarantee that the Remediation Actions will be successfully implemented or that if they are, that this will occur within the expected timeframe (with post-implementation assurance work expected to continue into 2025 and beyond as part of business-as-usual operations). Matters that may affect the successful and timely implementation of the Remediation Actions include, among other things, the satisfaction or endorsement (as relevant) by relevant regulators and/or the external manager, further legislative or regulatory changes, personnel changes (including The Star's ability to attract and retain key personnel with the expertise to manage the successful implementation of the Remediation Actions), management capacity constraints and budgetary limitations to the extent funds are redirected to cover settlements, court orders, fines and other penalties.

Notwithstanding efforts to execute the Remediation Actions, there is a risk that the NICC or OLGR may not consider that the Remediation Actions have been successful in remediating the relevant The Star Group entities in NSW and Queensland to suitability to hold the licences to operate The Star Sydney and The Star's Queensland casinos going forward (see also the risk titled 'Future suitability to hold casino licences in New South Wales and Queensland').

Going forward, failure to implement the Remediation Actions in an effective and timely manner and to the satisfaction of the NICC and OLGR may also give rise to other adverse regulatory outcomes that may diminish The Star's financial position and/or performance. If the business units do not perform as anticipated or if there are changes in the business, economic, legislative or regulatory environment, or customer behaviour changes, this may also impact the effectiveness of the Remediation Actions.

There is a risk that the costs of implementing the Remediation Actions are higher than the significant costs expected, and that the changes required to The Star's operations as a result of the Remediation Actions may have an adverse impact on The Star's financial performance. There can also be no assurance that, even if the Remediation Actions are implemented effectively, other significant litigation, claims or penalties will not arise in the future (including in respect of historical breaches or non-compliances), which may or may not be covered by The Star Group's relevant insurance policies (where such policies are in place).

## **(f) Change management**

The Star Group is currently experiencing, and is expected to continue to experience, considerable change to its business, operations and processes, loyalty program, supplier engagements, governance, personnel (including staffing levels and headcount through the use of consultants) and culture – including as a result of certain regulatory changes, as part of the implementation of the Remediation Actions (see 'Remediation Actions') and the appointment of the external Manager, Mr Weeks, to its NSW and Queensland casino operations (see 'Appointment of external managers to NSW and Queensland casino operations').

There is a risk that the success, operation and financial performance of The Star Group (including the relevant The Star Group entities' suitability to hold a casino licence), or the visitation levels at The Star's properties, may be impacted by these changes or if these changes are not managed effectively.

There is a risk that the implementation of these changes may be disruptive, protracted, complex and costly, and may result in unexpected challenges and issues, and the diverting of management time, effort and attention. There is also a risk that the anticipated benefits of certain changes (including the estimated contribution of those changes to The Star Group's operating performance) may be less than anticipated, estimated or required.

## **(g) Legislative and regulatory changes**

The Star operates in a highly regulated industry and is reliant on receiving and maintaining regulatory approvals in the jurisdictions in which it conducts gaming and non-gaming operations. Legislative and regulatory changes, including as a result of a change in government, are outside the control of The Star, may not apply to The Star's competitors or impact them to the same extent (see also 'Increased industry competition'), and may have an adverse impact on the operations, financial performance and position of The Star, including with the result that the trading price of The Star Group's equity or debt securities could decline, and investors could lose all or part of their investment.

### **Recent regulatory changes in NSW and Queensland**

The casino industry in Australia has been subject to a number of regulatory changes. The Star is currently adjusting to recent regulatory changes which require changes to The Star's operations, through the introduction of reforms by the *Casino Legislation Amendment Act 2022* (NSW), which received assent on 19 August 2022, and the *Casino Control and Other Legislation Amendment Act 2022* (Qld), which received assent on 21 October 2022.

The amendments to the *Casino Control Act 1992* (NSW) enact reforms to the NSW casino regulatory framework, including to address all 19 recommendations of the Bergin Inquiry and certain additional measures. This included establishing the NSW Independent Casino Commission (i.e. the NICC) as a new independent regulator and overrode compensation rights previously available to The Star Group for specified regulatory changes (see further 'Impact of regulatory changes on The Star' below). The amendments are effective from 5 September 2022 with the exception of compulsory carded play and cash limits, which commence on 10 August 2024 (unless an earlier date is set by the NSW government).

The amendments to the Casino Control Act 1982 (Qld) include doubling the maximum pecuniary penalty to \$100 million, allowing for the appointment of a special manager and overriding compensation rights previously available to The Star Group for specified regulatory changes (see further 'Impact of regulatory changes on The Star' below).

The reforms in NSW also include the banning of junkets (with immediate effect), the introduction of compulsory carded play and a \$1,000 daily limit for guests on cash transactions. The carded play and cash limit changes are expected to take effect on 10 August 2024 (unless an earlier date is set by the NSW government) and will result in changes to The Star's operations and have an adverse impact. The Star's financial performance, including by impacting property revenues, gaming taxes and operating expenditure. In addition, new Internal Control Manuals are being introduced by the NICC for The Star Sydney in 2023.



## ***Bell and Gotterson review recommendations***

Further reforms recommended by the Bell Report and Gotterson Review may also be introduced, including further expected reforms in Queensland to introduce mandatory carded play, cash and time play limits and mandatory player pre-commitment restrictions on gaming machine expenditure by customers which would, if implemented, result in changes to The Star's operations and have an adverse impact on The Star's financial performance.

In NSW, mandatory carded play and cash limits will be introduced by August 2024 (or earlier if required by Government). In Qld, legislation for mandatory carded play, cash limits and mandatory player pre-commitments – and implementation periods – is expected in 2023. Further changes in light of the reviews may be made, for example in relation to enhanced customer due diligence requirements, eligibility for rebate play and limits on complimentary benefits for patrons. This may result in an increase in the number of excluded patrons at The Star's properties, and limits on complimentary services and benefits in private gaming areas, or other changes to business operations which may be required in response to changes by future governments.

## ***Impact of regulatory changes on The Star***

A failure by The Star to have adjusted its governance appropriately or to adequately anticipate and respond to future changes could have a material adverse impact on The Star's business model, the performance of its business and strategic objectives. The changes themselves may also have an impact on The Star's business and earnings (including ahead of their expected implementation as The Star adjusts its governance and operations accordingly).

Reforms in NSW and Queensland have purported to override certain compensation rights for specific regulatory changes (such as reduced casino opening hours or casino duty increases and (in NSW) the loss of certain exclusivities) which rights were set out in agreements entered into by The Star with the government in each State. Depending on any such regulatory changes occurring (such as the proposed NSW casino duty increases described below (see the risk titled 'Potential reforms to casino duty regimes')), these reforms may have an adverse impact on The Star's financial performance and position.

There is also the potential for regulatory changes in the administration of laws in foreign countries which affect the ability of foreign nationals to travel and/or bring funds to Australia either generally or for the purposes of gambling. If this occurred, this may have an impact on The Star's operating performance.

The Star cannot accurately predict the impact of current and future legislation and regulatory change on its business. However, as the amount and complexity of reforms increases, so may the cost of compliance and the risk of non-compliance. Accordingly, further amendments to the Casino Control Acts in both NSW and Queensland to introduce more stringent compliance requirements may have an adverse impact on the financial position and performance of The Star.

## ***Non-cash impairment charge***

As a result of the impact of operational changes implemented following the Bell Review (including increased compliance costs, and the suspension of all domestic and international rebate programs – see further 'The Star's VIP Business'), the recent amendments to the *Casino Control Act 1992* (NSW) giving effect to the recommendations of the Bergin inquiry, and the potential increases to specified duty rates applicable to casinos in NSW announced by NSW Treasury starting in financial year ending 30 June 2024 (if passed) (see 'Taxation risks and casino duty rates'), The Star has incurred a non-cash impairment charge in relation to its NSW business, details of which are disclosed in the 1H23 Report.

Consistent with accounting standards, The Star is periodically required to assess the value of its assets. Where the fair value of an asset is assessed to be less than its carrying value, The Star is obliged to recognise an impairment charge in its profit and loss account and balance sheet. Impairment charges can be significant and operate to reduce the level of a company's profits.

There is a risk that The Star will be required to recognise further impairment charges in the future based on a number of factors, including should the casino duty rate changes proposed by the NSW Treasury be implemented (see 'Taxation risks and casino duty rates').

## **(h) Taxation risks and casino duty rates**

### ***General risks***

The Star Group is required to calculate and pay certain taxes and other payments to government agencies in Queensland and NSW (as well as Federal taxes and payments).

From time to time, a government agency may allege, and it may be found, that The Star Group has not correctly calculated or paid the applicable taxes and payments owed, which may result in it having to make additional payments in relation to these taxes and payments (including interest and penalties).

## **Potential reforms to casino duty regimes**

There is a risk that the government of a jurisdiction in which The Star's gaming or non-gaming business operates decides to make changes to its existing tax regime, including by raising taxes, implementing new ones or reducing the availability of deductions or exceptions. Any changes may result in The Star having to spend more on meeting its tax obligations or otherwise making changes to its business, which in turn could adversely impact on its financial performance and financial position, including with the result that the trading price of The Star Group's equity or debt securities could decline, and investors could lose all or part of their investment. These changes may also not apply to The Star's competitors or impact them to the same extent (see also 'Increased industry competition').

As disclosed by The Star to ASX on 23 December 2022, the NSW Treasury has announced proposed increases to specified duty rates applicable to casinos in NSW that are proposed to apply to The Star from 1 July 2023 (if passed). The new rates represent a rate increase across all revenue streams, including rebate, non-rebate and poker machines, and could result in additional gaming taxes for The Star.

The Star understands the changes will require either legislation to be passed by the NSW Parliament or the NSW Government and The Star to agree to amend their existing duty agreement. It is uncertain to what extent the announced amendment may change. For this reason, there is also uncertainty about the impact of the proposed tax changes on The Star's operations in NSW. The changes as currently proposed are likely to have a significant impact on The Star's earnings and operations. There is also uncertainty as to whether a change of NSW government in March 2023 would affect the proposal.

There is also a risk that the Queensland Government could make or propose similar changes to its tax regime.

## **Ongoing matters with the ATO**

The Star Group is currently involved in the following ongoing matters with the Australian Taxation Office (ATO):

- The Star Group has received amended assessments from the ATO in respect of a dispute for the period October 2013 to August 2017 (inclusive) in relation to the GST treatment of rebates paid to junket operators for The Star Pty Limited. The amount in dispute for this period is approximately \$141.2 million at 31 December 2022 (primary tax of \$81.9 million and interest of \$59.3 million). However, this amount is expected to increase to take into account the approximately \$16.1 million of payments made to junket operators post 31 December 2022 (noting that The Star is unable to estimate the associated interest exposure at this stage). During the financial half-year ended 31 December 2021, The Star Group paid \$40.9 million as a deposit to the ATO on a no-admissions basis. This deposit is held as a current asset on The Star's balance sheet. The ATO is conducting an internal review of this matter, the outcome of which is unknown. The Star Group has filed an application for judicial review with the Federal Court in relation to the interest assessment and has lodged an objection against the primary assessments with the ATO, the outcome of which is also unknown;
- The Star Group has objected to the ATO's decision to issue a penalty for \$6.4 million in relation to a dispute over the appropriate method for calculating withholding tax on Junket rebates for the 2015 to 2020 income tax years. The ATO is consequently conducting an internal review of this matter; and
- The Star Group has objected to the ATO's decision to disallow the exclusion of 'casino dollars' used in slot machines from total amounts received in wagers for GST purposes.

While The Star Group considers that it has paid the correct amount of tax and will pursue all available avenues of objection, there is a risk The Star Group may need to make additional payments in relation to these matters.

There is also a risk that, from time to time, The Star Group may become involved in claims, litigation, disputes and other legal proceedings in relation to taxation matters or issues, which may be with or without merit. If The Star Group is involved in any such claims, litigation, disputes or other legal proceedings, this may disrupt The Star's business, cause The Star to incur significant legal costs and reputational damage, and/or may divert management's attention away from the day-to-day operation of the business.

## **Ongoing review of duties paid linked to residency status**

As disclosed to ASX in its 2022 Annual Report, The Star Group has commenced an independent assessment of residency status and consequential rebate gaming activity for a number of patrons that had changed their residency status, as identified in the Bell Review. Residency status has a direct impact on the quantum of casino duty payable. To date, the review has identified instances where the eligibility for rebate play was not adequately supported. A provision of \$12.7 million for underpaid casino duty and interest was recognised in the balance sheet at 30 June 2022, with no change at 31 December 2022.

In addition, the Bell Report recommended that the NICC engage an independent expert to perform its own audit of all patrons that engaged in rebate play at The Star since 28 November 2016 and a clear and objective test regarding the residency of players be included in The Star's casino duty agreement. The Star will work with the NICC to align the scope of further analysis required to form a view regarding the eligibility for rebate patrons for past rebate play.



# KEY RISKS (CONT'D)

For these reasons, the final quantum of casino duty and interest cannot be reliably estimated at this stage, may be materially different to the amount provisioned and may have a material financial impact on The Star Group.

## (i) Availability of funding, service of debt financing, liquidity risk

### **Covenant relief**

The Star's ability to service its debt and comply with undertakings in its debt documents (including in relation to any applicable payment schedule or tranches) will depend on its future financial performance and the amount and/or timing of any regulatory penalty (for example, in respect of the pecuniary penalties payable by The Star following the Bell and Gotterson Reviews (see 'Future suitability to hold casino licences in New South Wales and Queensland') and, any penalty that may be imposed in connection with the AUSTRAC Proceedings (see 'Legal and regulatory compliance')), liability in relation to any litigation or dispute (for example, the Class Actions) or the potential reforms to casino duty rates in NSW (see 'Taxation risks and casino duty rates'), and if it is unable to do so, The Star's lenders and debt instrument holders' willingness to grant The Star certain accommodations or waivers in relation to those undertakings.

Prior to announcing the Equity Raising, The Star obtained certain covenant relief (through to June 2025) from certain of its obligations under its debt documents from relevant lenders and debt instrument holders, on terms it considers acceptable. That relief is subject to conditions, including completion of the Equity Raising. If the conditions to the granting of that relief are not complied with, The Star may be unable to comply with its obligations under those debt documents when required. In addition, there is a risk that this relief may be inadequate in the context of The Star's continued compliance with its debt covenants, as the company navigates a range of operating and regulatory uncertainties.

Each bank debt facility and each USPP note agreement contains the usual range of events of default, including non-payment, misrepresentation, breach of undertakings, cross default and insolvency. If there is further regulatory action taken against The Star the specific events of default of "Licences" and "Material Adverse Effect" in the Common Terms Deed Poll and with respect to "Licences" under the USPP note agreements are likely to become relevant. The "Material Adverse Effect" event of default under the Common Terms Deed Poll is any event occurs which has (or a series of events occurs, which events together, have had) a material adverse effect upon the ability of The Star to perform its payment obligations under the relevant finance documents. The "Licences" related event of default under the Common Terms Deed Poll and the USPP note agreements includes circumstances where a licence is cancelled and not replaced within 30 days or a licence is suspended or (in the case of the USPP note agreements) additional operating conditions are imposed by a governmental authority, in each case on terms where The Star is unable to operate its business or is required to forfeit operating profits.

### **Availability of debt funding in the future**

Uncertainties relating to the outcome of, timing and the quantity of any fines and/or costs payable in relation to or associated with, the AUSTRAC Proceedings, the Class Actions and the impact of the intended increases to the casino duty regime in NSW that are proposed to apply to The Star are significant considerations for the continued compliance with The Star's current debt facilities and the availability of any future debt (see the risks titled 'Legal and regulatory compliance' and 'Taxation risks and casino duty rates').

The Star must also manage upcoming debt maturities (for example, to manage The Star's current and non-current debt financing mix), in particular in relation to debt maturities in the upcoming financial year's ending June 2024 (for one bank debt maturity) and June 2025. There is a risk that The Star's lenders and debt instrument holders' (including under its USPP note agreements and joint venture developments and projects and, in particular, Queen's Wharf (noted below)) may not be willing to grant The Star such accommodations or waivers and may act to enforce their rights, which may impact The Star's financial performance and position, including with the result that the trading price of The Star Group's equity or debt securities could decline, and investors could lose all or part of their investment.

In the future, there is no certainty as to the availability of debt facilities or the terms on which those facilities may be provided to The Star or to other persons in connection with joint venture developments and projects which are credit supported by The Star, in particular, Queen's Wharf. Both The Star and DBC have reliance on international lenders which may present risks with regards to future availability of funding. In addition to the points noted above, financial market participants becoming more conscious of prevailing geopolitical conditions (see 'Political and general business and economic conditions'), or increasing their focus on environmental, social and governance (ESG) issues (see 'Environmental, social and governance considerations') may impact appetite.

The Star's ability to refinance its debt and/or interest rate or currency hedges on reasonable terms as it becomes due or to repay the debt, its ability to raise further finance on reasonable terms for its business and to pursue opportunities, and its borrowing costs will depend on its relationships with lenders, the willingness of lenders to support The Star (either individually or as part of a syndicate), market conditions and The Star's future operating performance and reputation. In particular, The Star may incur higher interest rates and/or additional fees and terms associated with future debt refinancing.

If The Star is unable to refinance its debt obligations, or to do so on reasonable terms, this may have an adverse impact on the financial position and performance of The Star, including with the result that the trading price of The Star Group's equity or debt securities could decline, and investors could lose all or part of their investment.

Issues which have arisen in the context of the Bell Review and the Gotterson Review are likely to have an adverse impact of The Star's relationships with certain financial institutions.

# KEY RISKS (CONT'D)

## **Queen's Wharf financing arrangements**

### *(a) Refinancing risk*

The Star and its joint venture partners (via DBC) entered into a debt facility agreements in 2020 in relation to DBC's \$1.6 billion project-level debt funding for Queen's Wharf (**QWB Funding**). The QWB Funding comprises 2 equal facilities of \$800 million separately provided under a G&E syndicated facility agreement and a T&L syndicated facility agreement. Amounts outstanding under the G&E syndicated facility agreement are guaranteed by The Star, and amounts outstanding under the other syndicated facility agreement are guaranteed by CTFE and FEC.

The QWB Funding is fully hedged against volatility in interest rates until the conversion date (currently expected to be in December 2023) and 75% hedged for the remainder of the loan term (i.e. until December 2025). Accordingly, there is a risk that the QWB Funding will incur higher interest rates in respect of the unhedged portion of the loan after the conversion date and, therefore, DBC will incur higher costs to service the loan from the conversion date.

DBC's ability to refinance its debt and/or interest rate or currency hedges on reasonable terms as it becomes due or to repay the debt, its ability to raise further finance on reasonable terms for its business and to pursue opportunities, and its borrowing costs will depend on market conditions and DBC's future operating performance and reputation. In particular, DBC may incur higher interest rates and/or additional fees or terms associated with future debt refinancing.

If DBC is unable to refinance its debt obligations and/or interest rate or currency hedges, or to do so on reasonable terms, this may have an adverse impact on the financial position and performance of The Star – in particular in circumstances where The Star's guarantee of the G&E tranche of the QWB Funding is called upon (which may occur if any of The Star's joint venture partners do not meet their obligations under the relevant joint venture arrangements to meet their share of joint venture costs and provide required capital to the joint venture).

### *(b) Financial covenants*

The QWB Funding arrangements include leverage and debt service ratio covenants. The covenant testing period commences 18 months after the conversion date (currently expected to be in December 2023).

DBC's ability to service its debt and comply with the covenants or undertakings in its debt documents will depend on its future financial performance and, in particular, the impact of the termination of international junkets, the suspension of all domestic and international rebate programs (see 'The Star's VIP business'), and if it is unable to do so, DBC's lenders willingness to grant DBC certain accommodations in relation to those covenants or undertakings. There is a risk that DBC's lenders may not be willing to grant DBC such accommodations and may act to enforce their rights, which may impact DBC's financial performance and position.

Further, if DBC were to breach its covenants in the future it may seek to (amongst other things) raise additional equity funding from the joint venture partners (see 'Association and joint venture risk') or refinance the QWB Funding (see 'Refinancing risk' immediately above).

## **Refinancing risk for joint venture projects**

The Star Group is involved in a number of projects and joint ventures with third parties. Each relevant joint venture entity's ability to refinance its debt on reasonable terms as it becomes due or to repay the debt, its ability to raise further finance on reasonable terms for its business and to pursue opportunities, and its borrowing costs will depend on market conditions and the joint venture's future operating performance and reputation. In particular, the relevant entity may incur higher interest rates and/or additional fees or terms associated with future debt refinancing.

If the relevant joint venture entity is unable to refinance its debt obligations and/or interest rate or currency hedges, or to do so on reasonable terms, this may have an adverse impact on the financial position and performance of The Star – in particular in circumstances where The Star has provided a guarantee in connection with the initial financing arrangements.

## **Availability of transactional banking and other financial services**

The Star procures financial services from a number of banks and other financial services institutions, including under fixed term contractual arrangements that require periodic renewal. These include transactional banking services, merchant services for non-gaming transactions and corporate credit card facilities.

The Star has received notice from its transactional facilities banker that it is providing transactional banking services to The Star Group until 31 October 2023. The Star must procure a new transactional facilities banker before that, and provide regular reports on progress. While The Star has a process underway to transition these services, there is a risk that The Star may not be able to source replacement transactional banking services on terms that are acceptable to it, or at all.

# KEY RISKS (CONT'D)

If The Star is unable to acquire or renew any relevant financial services (in particular, transactional banking services), or do so on reasonable terms, this will have an adverse impact on the operations and financial position and performance of The Star, including with the result that the trading price of The Star Group's equity or debt securities could decline, and investors could lose all or part of their investment.

## **Other financing risks**

### **(a) General**

The Star is exposed to fluctuations in interest rates which may increase the cost of servicing The Star's debt. Developments in global financial markets, including the impact of COVID-19 and fiscal tightening by central banks, may adversely impact the liquidity of global credit markets and The Star's access to those markets. This may have a material adverse impact on The Star's future financial performance and position. If market conditions deteriorate due to economic, financial, political, health or other reasons, The Star's funding costs may be adversely impacted and its liquidity may be constrained. There is no assurance that The Star will be able to obtain adequate funding at acceptable prices or at all. If The Star is unable to obtain adequate funding, this may have an adverse impact on its financial position and performance.

The financial performance and revenue outlook of The Star may also be significantly impacted by changes in monetary policy both in Australia and globally through the impact of broader economic conditions. The actions of central banks, for example interest rate settings, can potentially impact The Star Group's access to funding markets, liquidity levels and cost of funding and, as a result, could adversely impact The Star Group's financial performance, financial position, capital resources and prospects.

The Star is exposed to foreign exchange risk, most relevantly in relation to the debt outstanding under its US dollar denominated USPP note agreements. The same factors which apply to The Star's debt facilities also apply to the hedging and hedging capacity made available to The Star.

### **(b) Environmental, social and governance considerations**

The Star may also find it difficult or be unable to raise capital from equity and debt investors, refinance its existing debt finance arrangements, or to raise capital on terms that are acceptable to The Star, in the event that financial market participants become more conscious of, or increase their focus on, environmental, social and governance (ESG) issues and reduce or eliminate their exposure to companies that pose ESG risks or concerns. This may result in a reduction in the pool of debt funding available to the gaming industry overall (which may be perceived as having negative social and environmental impacts – see, for example, 'Safer gambling'). With ESG becoming an increasingly important consideration for some financial market participants may be hesitant to provide funding to the gaming sector, making it more challenging for The Star to access the funds it needs to grow and invest in its businesses. Further, The Star may incur increased borrowing costs, or may even be unable to refinance with new debt if its credit profile deteriorates materially due to ESG mandate considerations by capital providers.

### **(j) Credit rating risk**

Credit ratings are opinions on The Star's creditworthiness. Credit ratings which apply to The Star or any of The Star's securities may impact the cost and availability of its funding from capital markets and other funding sources and they may be important to counterparties when evaluating The Star's creditworthiness.

The credit ratings assigned to The Star, its subsidiaries or to any securities issued by The Star Group, are based on an evaluation of a number of factors, including financial strength, support from investors and financiers and structural considerations regarding the Australian financial system. A credit rating downgrade could be driven by the occurrence of one or more of the other events identified as risks in this section of the Presentation (including the cancellation of a casino licence held by The Star's subsidiaries) or by other events, including changes to the methodologies used by the rating agencies to determine ratings.

If any applicable credit rating is lowered or withdrawn, or any applicable rating is not maintained, this could adversely impact The Star Group's cost of funds and related margins (for example, a downgrade in The Star's credit rating will impact the interest rates applicable to the USPP notes), competitive position and its access to capital and funding markets. This could adversely impact The Star's businesses, financial performance, liquidity, capital resources, financial condition and prospects. The extent and nature of these impacts would depend on various factors, including the extent of any ratings change, whether the ratings of The Star, or any member of The Star Group, or any applicable securities, differ among agencies (split ratings) and whether any ratings changes also impact The Star's peers or casino and integrated resorts sectors.

### **(k) The Star's VIP business**

In May 2021, The Star Group agreed with the Independent Liquor and Gaming Authority in NSW to terminate international junkets. Further, in response to the Bell Review, The Star Group suspended all domestic and international rebate programs (from May 2022) and increased operating restrictions, resulting in an increase in the number of excluded patrons and a reduced level of complimentary services and benefits in private gaming areas.



# KEY RISKS (CONT'D)

For these reasons, any recovery in The Star's VIP business remains uncertain. Business volumes may not recover to the levels previously experienced by The Star, and will impact The Star's financial performance and position (see also 'Impact of COVID-19 and future outbreaks of other communicable diseases or pandemics').

## (l) Safer gambling

The Star recognises responsible gambling as a material issue for The Star's business operations. The Star is currently in the process of uplifting its Responsible Gambling Program, including in relation to certain recent legislative and regulatory changes and a number of the recommendations coming out of the Bell and Gotterson Reviews (including, for example, time play management, pre-commitment play and loss limits) (see 'Legislative and regulatory changes').

While The Star is committed to providing a safer gambling environment at each of its venues, there is a risk that The Star identifies issues relating to the provision of gaming services, including instances where those services have not been provided by The Star in a responsible manner, in accordance with The Star's policies, relevant responsible gambling codes of conduct, or regulatory or community expectations. This may result in The Star having to self-report these matters to a regulator, which may result in significant fines or other penalties or sanctions, which in turn may have an adverse impact on The Star's financial performance and position.

The Star is also in the process of adjusting to a range of regulatory changes in respect of responsible gaming requirements and the service of complimentary alcohol in private gaming rooms. Further reforms recommended by the Bell Report and Gotterson Review may also be introduced, to which The Star may need to respond (see 'Legislative and regulatory changes').

The Star also recognises that, as community standards and expectations evolve to require more harm management responsibility to be exercised by the operators of gaming services, ongoing work and reform will be required by The Star in this important area. Any reforms of that type may impact The Star's operations, be costly to implement and adversely impact The Star's financial performance.

As The Star further analyses, implements and tests responsible gambling initiatives, it is possible that The Star will identify instances where initiatives may not be as effective as intended. These matters may require new measures to be adopted to better respond to these issues, may cause The Star to be subject to further regulatory investigations and may have an adverse impact on The Star's operations and reputation or involve significant monetary penalties.

## (m) Development projects

The Star Group is involved in a number of development projects with third parties. In Brisbane, The Star Group has partnered with Hong Kong-based organisations Chow Tai Fook Enterprises Limited and Far East Consortium International Limited to form the joint venture DBC for the construction and operation of Queen's Wharf. As lead partner of the joint venture, The Star Group is required to contribute 50% of capital and has provided a guarantee in relation to the G&E tranche (\$800 million) of the QWB Funding (see 'Availability of funding, service of debt financing, liquidity risk'). In relation to the Gold Coast, The Star Group is also involved in a joint venture with CTFE and FEC for the construction of further tourism assets at The Star Gold Coast.

In respect of these development projects, the estimated capital expenditure is subject to market prices and changes in scope. Interruptions on the project sites due to industrial disputes, work stoppages and accidents, disputes or litigation may also adversely impact the timing or capital expenditure of those projects. There is a risk that changes in timing and the amount of estimated capital expenditure in relation to these projects could result in cost or time overruns which may have an adverse impact on the operational and financial position and performance of The Star Group (as, for example, the relevant joint venture parties will be required to fund any expected shortfall in their respective proportions and there may be a temporal mismatch between incurring additional costs and the recovery of any associated liquidated or other damages associated with a delay).

Delays to the opening of any development project (including Queen's Wharf or the current development projects on the Gold Coast) will also impact the time when The Star may realise a return on its investment (including the sale price that may be received by The Star in relation to certain aspects of its residential and commercial developments).

The development projects may also be affected materially by weather conditions or other natural disasters. For example, floods may impact the timing of construction or may cause damage to a casino property. Damage of that type could adversely impact the estimated capital expenditure for either development project and cause unexpected delays to completion. It cannot be certain that the financial impact of any event of that type would be mitigated, fully or partially, by insurance (or if it is, that there would not be a resulting adverse impact on The Star's insurance premiums and expenses going forward, which in turn may have an adverse impact on its financial performance and position).

Any unexpected increases in capital expenditure may need to be funded through external financing. There is no assurance that The Star will be able to obtain adequate external financing at acceptable prices (see the risk titled 'Availability of funding, service of debt financing and liquidity risk').

## **(n) Association and joint venture risk**

The Star Group, along with its joint venture partners, holds interests in certain development and tourism asset owning entities being Destination Brisbane Consortium Integrated Resort Holdings Pty Ltd (50% as an associate); Destination Gold Coast Investments Pty Ltd (50% as a joint venture); and Destination Gold Coast Consortium Pty Ltd (33.3% as a joint venture). In those circumstances, the success of the development projects may be adversely affected by the conduct of The Star Group's joint venture partners.

The failure of The Star (or its relevant subsidiaries) to return to suitability to hold a casino licence and/or the cancellation of a casino licence in either state and/or the implementation or extension of a suspension of a casino licence may have certain implications under The Star's joint venture arrangements. In these or similar circumstances, The Star's joint venture partners may seek to exercise any rights they have under those arrangements, including to terminate the arrangement or otherwise seek an exit or disposal of the joint venture interest. Such actions could also lead to disputes between joint venture parties. Any such actions are likely to have an adverse impact on The Star.

## **Lack of operational control**

Decisions of Destination Gold Coast Investments Pty Ltd, the owner of the Sheraton Grand Mirage Resort, Gold Coast, requires unanimous consent for each Board resolution. Therefore, irrespective of The Star Group's proportional interest in the entity, The Star Group does not control operational decision making in respect of this resort.

The joint venture partners involved in these projects may have economic or business interests or objectives that are different to those of The Star, may be unable or unwilling to fulfil their obligations under the relevant agreements or may experience financial or other difficulties including being subject to regulatory interest and investigations.

## **Suitability of The Star's joint venture partners and other persons**

The Star's reputation and its relationships with governments and other stakeholders could be affected if its brand is associated with a partner or other person (including any of the holding or operating entities associated with The Star's development or other projects or operations and, in particular, Queen's Wharf) that is found to be unsuitable, or has engaged in misconduct or has been negligent, either in connection with a joint venture project (including Queen's Wharf) or a different project.

The occurrence of any of these risks could disrupt the operations of these entities and result other potential remedies being imposed on the relevant joint venture partner under applicable casino legislation or otherwise, and adversely impact The Star's investment in, and the returns from, certain of its investments which are held in or operated by joint ventures with third parties.

## **Compliance and funding risk**

Joint ventures involve compliance risks. If any of The Star's joint venture partners do not meet their obligations under the relevant joint venture arrangements, including their obligations to meet their share of joint venture costs and provide required capital to the joint venture, this may impact on the ability of The Star Group to develop and operate its projects, or the success of the projects within which The Star Group holds an investment.

## **(o) Opening of Queen's Wharf Brisbane**

Upon the opening of Queen's Wharf, it is intended that the existing Brisbane casino at Treasury Brisbane will cease to operate and The Star Group will act as the operator of the casino at Queen's Wharf, and The Star will receive the proceeds from its proposed disposal of the Treasury Brisbane buildings (see further 'Mergers, acquisitions and divestments').

It is intended that upon opening of the casino at Queen's Wharf, The Star Group's existing casino licence for Treasury Brisbane will be surrendered and DBC will be granted an unconditional casino licence, with The Star Group to be granted the right to operate the new Queen's Wharf casino in exchange for surrendering the Brisbane casino licence and some operational assets.

As previously announced, total project costs for the development of the Queen's Wharf project have exceeded initial estimates. Any further cost overruns will have to be funded via additional equity contributions in proportion with existing joint venture interests or other funding sources. If The Star or its joint venture counterparties are not willing or able to meet any funding shortfall, this is likely to have a material adverse impact on the development project, including the ability to complete the project and the timeframe for opening.

As previously disclosed, DBC is in ongoing discussions with the contract builder regarding purported claims for additional costs, extensions of time and damages. The contract provides for liquidated damages payable on key milestones (as adjusted in accordance with the contract). The outcome of these discussions is uncertain and may result in a dispute or litigation, which could have an adverse impact on the project, and The Star as a participant in DBC.



# KEY RISKS (CONT'D)

The Queen's Wharf Brisbane is a significant project and investment for The Star. Notwithstanding that The Star Group has a pre-opening team to deliver a structured program to transition from Treasury Brisbane to Queen's Wharf Brisbane, there is also a risk that the potential return from any invested capital is not realised and Queen's Wharf Brisbane fails to become an effective revenue driving business. There is also a risk that the opening of Queen's Wharf may experience further delays (including, for example, as a result of inclement weather, industrial action, construction delays, or disputes or litigation), which in turn would delay any potential returns or gains from the investment. A failure to realise the expected benefits (either within the expected timeframe or at all) may have an adverse impact on The Star's financial performance and position.

## **(p) Increased industry competition**

There is substantial competition in all of the industry segments in which The Star operates. The Star Group is currently managing the competitive impact of The Crown Sydney on The Star Sydney's operations and financial performance (in particular, on The Star's premium table games business). The Star Group is also managing the competitive impact of venues (such as pubs and clubs) who are licensed to operate electronic gaming machines, have flexible loyalty programs and new properties with food and beverage offerings, in the markets in which The Star's properties are located (i.e. in particular, greater Sydney, Brisbane and Gold Coast). These competitors may either not be subject to the recent regulatory changes and recommendations to the same extent as The Star, or may adopt different operating practices in response, which may impact the industry's competitive dynamics.

These risks are particularly acute given the impact of recent regulatory changes on The Star's operations (including in relation to enhanced customer due diligence requirements that has and may continue to result in an increase in the number of excluded patrons at The Star's properties, and the level of complimentary services and benefits in private gaming areas) in NSW which have negatively impacted the competitiveness and experience for premium guests. See also 'Legislative and regulatory changes'.

DBC will hold a casino licence at Star Brisbane with a term of 99 years with a Brisbane exclusivity period of 25 years, but as noted above (see risk titled 'Legislative and regulatory changes') there is a risk that exclusivity may be overridden by legislation. The Star's casino licence at Star Gold Coast does not currently include an exclusivity period. Accordingly, there is a risk that one or more additional casino licences may be granted to third parties to operate a casino facility on the Gold Coast in Queensland.

Changes in the regulatory environment will potentially influence the industry's competitive dynamic which may in turn adversely affect The Star Group's financial performance, financial position, capital resources and prospects.

Further, gambling activities and the operation of integrated resorts compete with other consumer products for consumers' discretionary expenditure and in particular with other forms of leisure and entertainment including pubs and clubs, conventional resorts and hotels, cinema, sporting events, the internet and subscription television. If The Star does not adequately respond to the competition which it faces, there may be a change in consumer spending patterns which may have an adverse effect on the operational and financial performance of The Star.

## **(q) Dependence on Australian, New South Wales and Queensland economies**

The Star's revenues and earnings are dependent on economic activity and the level of customer activity and spending at its premises. In particular, aspects of The Star's business are dependent on customer and investor confidence, the state of the economy (including tight labour market conditions, supply chain factors, unemployment, overall inflationary pressures and interest rate levels, and residential property prices) and the tourism markets of Australia, Queensland and NSW. These factors are, in turn, impacted by both domestic and international economic circumstances and political events, natural disasters and the general state of the global and Australian economy.

A weakening of the Australian, NSW or Queensland economies or the global economy may impact the tourism and casino industries in Australia, NSW and Queensland and, in turn, may result in a decrease in customer patronage at The Star's premises and investment in the casino industry in Australia, ultimately impacting The Star's financial performance and prospects.

## **(r) Diminution of customer satisfaction, loyalty and behaviour**

The Star's business model is dependent upon customer satisfaction, behaviour and loyalty. The operational and financial challenges associated with The Star's recent regulatory reviews, recent regulatory changes, COVID-19, the associated impact on the travel and tourism industry and The Star's response to those challenges, could impact upon customer satisfaction, behaviour and loyalty, the reputation of The Star Group and its ability to attract customers in future. In this context, The Star's competitors may either not be subject to these factors to the same extent as The Star, or may adopt different operating practices in response, which may impact the industry's competitive dynamics to the extent that it impacts customer satisfaction, behaviour and loyalty (see also 'increased industry competition').

A loss of customer satisfaction or loyalty, or a change in customer behaviour, may also materialise as a result of changing community expectations or activism in relation to The Star's ongoing Remediation Actions or the casino industry more broadly. Any diminution in customer satisfaction and customer loyalty, a change in customer behaviour, or The Star's reputation may have an adverse impact on the operating and financial performance and position of The Star.

## **(s) Consequences of breach of shareholding restrictions**

There are a number of restrictions on shareholdings in The Star which arise due to the requirements of various regulatory authorities.

The Star's Constitution requires that a person must not have voting power in The Star in excess of 10%, without the written consent of the NSW Independent Liquor and Gaming Authority (now the NICC) or the relevant Queensland Minister charged with the administration of the *Casino Control Act 1982* (Qld) while relevant subsidiaries of The Star are involved in certain gambling activities.

There are also restrictions on shareholdings in The Star which relate to the suitability of persons to be associated with certain members of The Star. The Star Constitution confers certain powers on the board of directors of The Star, the NICC and relevant Queensland Minister to force the divestiture of shares by persons in circumstances where relevant shareholding limitations, or restrictions on voting power, have been breached.

If The Star becomes aware that a shareholder has acquired shares in The Star in breach of these restrictions, The Star may need to dedicate time and resources in arranging for the divestiture of those shares. This may in turn have an adverse impact on The Star's financial performance and position.

### **1.1.2 Other risks in the context of The Star's business**

#### **(a) Relationships with key stakeholders**

A key risk for The Star's operations is The Star's ability to engage with key stakeholders proactively and fairly. The recent regulatory investigations and negative publicity in relation to The Star may have an adverse impact on The Star's relationships with key stakeholders, including governments, regulators, shareholders, customers, joint venture partners, lenders, suppliers and employees. Any deterioration of The Star's relationships with key stakeholders may have an adverse impact on The Star.

Some of The Star's employees are represented by unions or employed under awards or enterprise agreements. If employees take industrial action or industrial disputes arise, The Star could be exposed to operational disruptions and/or financial loss.

#### **(b) Counterparty risk**

Counterparty risk may arise in circumstances where parties with which The Star has dealings experience financial difficulties or reputational issues (including in relation to 'suitability' – see, in particular, 'Association and joint venture risk') which may have consequential impacts for The Star's financial performance and reputation.

In this context:

- non-performance by counterparties may result in products, supplies or amounts being unrecoverable;
- joint venture parties or other counterparties may have an issue in their business connected to The Star which gives rise to a reputational impact which may have a consequential adverse impact on development projects in which that entity and The Star are involved (for example, Queen's Wharf); and
- insolvency or financial distress of its counterparties may have an adverse impact on the financial performance of The Star.

#### **(c) Failure to recruit and retain key executives, employees and Directors**

Following an accelerated Board renewal program, The Star has undergone significant changes in its senior leadership at both a Group and property level. This includes the appointment of a new Chairman (noting that the current Chairman has announced his intention to step down), five new Non-Executive Directors (two of which remain subject to relevant regulatory approvals) and a new Chief Executive Officer, Chief Risk Officer and Head of Transformation and the separation of The Star's legal and risk functions.

This has resulted in a loss of corporate knowledge in The Star Group's executive and senior leadership teams. There is a risk that this change may cause significant disruption to The Star's business in the short term and negatively impact The Star's operating and financial performance.

In addition, key executives and Directors play an integral role in the operation of The Star's business and its pursuit of its strategic objectives. The unexpected departure of an individual in a key role, or The Star's failure to recruit and retain appropriately skilled and qualified persons into these roles, could each have an adverse impact on The Star's business, prospects, reputation, financial performance or financial condition. Changes in the regulatory environment and decisions by external managers or regulators have the potential to have an impact on the recruitment or retention of skilled persons.

# KEY RISKS (CONT'D)

Due to the recent COVID-19 pandemic, travel restrictions, and border closures, there has been a reduction in the number of foreign workers available to offset the current labour shortage in Australia. The hospitality sector, which heavily relies on foreign workers, has been particularly impacted and is currently experiencing increased competition for local workers which has made it more difficult for hospitality businesses such as The Star to attract and retain employees.

In this context, there is a risk that The Star may experience continued levels of high turnover in its workforce and difficulty attracting and retaining appropriately qualified staff in the future. This may have an impact on The Star's operations and financial performance going forward.

## **(d) Climate change risk**

The Star, its customers and external suppliers, may be adversely impacted by the physical risks (including possibility of destruction or disruption to human life, physical and natural capital) and socioeconomic impacts (including impacts to liveability, food systems and infrastructure assets) of climate change. This may directly impact The Star and its customers through damage to property, reduced asset values, insurance risk and business disruption and may have an adverse impact on The Star's financial performance.

Failure of The Star to effectively assess and respond to these risks or to be perceived as failing to do so, could adversely impact The Star's reputation which in turn could adversely affect The Star's financial performance.

In addition, natural disasters as a result of climate change including (but not restricted to) cyclones, floods and earthquakes, and the economic and financial market implications of those disasters on domestic and global market conditions could adversely impact The Star's financial performance, financial position, capital resources and ability to access financing sources and prospects.

Further, The Star's transition to a low carbon economy may entail extensive policy, legal, technology and market changes to address mitigation and adaptation requirements related to climate change. For example, by going green where possible, using better waste management practices, lowering energy consumption, introducing on-site renewables and decreasing paper usage. This could adversely impact The Star's financial performance by increasing operating costs and/or impacting demand in, and the profitability of, certain business operations.

## **(e) Operational risk**

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems (including information security systems), or from external events. The Star Group is exposed to a variety of risks including those arising from its resort facilities, process error, fraud, technology failure, customer services, staff level and skills, workplace safety, compliance, business continuity, crisis management, data storage, and processing errors.

The Star manages these operational risks through appropriate reporting lines, defined responsibilities, policies and procedures and an operational risk framework incorporating regular risk monitoring and reporting by each business unit, including an integrated "3 lines of defence" model. Although these steps are in place, there is no guarantee that The Star Group will not suffer loss as a result of these risks (and an inherent risk also exists due to systems and internal controls failing to identify or prevent losses relating to these operational risks). Those losses can include fines, penalties, loss or theft of funds or assets, customer compensation, loss of shareholder value, reputational losses, loss of life or injury to people and loss of property and information. Loss from those risks could impact The Star Group's financial performance, financial position capital resources, prospects and reputation.

## **(f) Changes in critical accounting estimates and judgements**

The financial statements of The Star Group, including in The Star Group's most recent financial report for the financial year ended 30 June 2022 and half year ended 31 December 2022, contain estimates, assumptions and judgments when applying accounting policies and preparing its financial statements, particularly in relation to the calculation of provisions and disclosure of contingent liabilities in accordance with applicable accounting standards.

Given the uncertainty surrounding future events and the requirements of the accounting standards, there can be no assurance that the provisions or disclosures address all outcomes that may arise in the future. A change in a critical accounting estimate, assumption and/or judgement resulting from new information or from changes in circumstances or experience could result in The Star Group incurring losses greater than those anticipated or provided for. This could have an adverse impact on The Star Group's financial performance, financial condition and reputation, and may have regulatory implications. See further 'Change in accounting policy' below.

## **(g) Reputation risk**

Reputation risk may arise through the actions of The Star, its directors, officers or employees or other market participants and adversely affect perceptions of The Star held by the public, holders of its securities, regulators or rating agencies. This risk may arise as a result of risk management failures, failures to comply with legal and regulatory requirements (including ethical issues, litigation, money laundering laws, employment laws, trade sanctions legislation, privacy laws, information security policies), sales and trading practices, technology failures and security breaches.



# KEY RISKS (CONT'D)

Recent regulatory actions involving The Star (see 'Future suitability to hold casino licences in New South Wales and Queensland' and 'Appointment of external managers to NSW and Queensland casino operations', as well as other key risks in this Presentation) have had, and may continue to have, a material adverse impact on The Star's reputation. Damage to The Star's reputation may have an adverse impact on The Star's financial performance, financial position, capital resources and prospects.

## **(h) Political and general business and economic conditions**

In light of recent global and domestic macroeconomic events and political, economic and business conditions, including the ongoing impact of COVID-19, the conflict in Ukraine, natural disasters, inflationary pressures and rising interest rates, Australia is currently experiencing economic variability and uncertainty. These economic conditions could have an adverse impact on The Star Group's operating and financial position and performance and could affect the price of The Star's shares.

In addition to geopolitical tensions, rising interest rates, central bank tightening, persistent COVID-19 challenges, global shipping capacity constraints, higher costs for freight, supply chain issues, higher energy prices, higher food prices and tightened labour markets, are all contributing to rising inflationary pressures on the global and domestic economies. This may have impacts on financial markets, economic stability, levels of investment and consumer spending, which could each adversely impact the financial position and performance of The Star.

## **(i) Impact of COVID-19 and future outbreaks of other communicable diseases or pandemics**

Despite the global rollout of vaccine programs, the COVID-19 pandemic continues to impact the domestic and global economies. The events relating to COVID-19 have resulted in market changes and volatility of supply and demand. While increasing vaccination rates have led to the easing of restrictions on regional, domestic and international travel, events, meetings and other activities, further variants may develop that require different government responses and greater restrictions to those that have been adopted to date.

Future outbreaks and their impacts are uncertain and dependent upon many factors beyond The Star's control. The ongoing impacts of COVID-19 combined with other risks (e.g. geopolitical risk or a global outbreak of other communicable diseases), could exacerbate impacts and materially increase economic disruption. Major disruptions to community health and economic activity can have wide ranging negative impacts across most business sectors in Australia and globally. The Star's business depends on consumer spending, which has been, and may continue to be, impacted by the outbreak of COVID-19 and other economic factors.

There continues to be considerable uncertainty as to further short and long-term impact of COVID-19 including in relation to governmental responses, international trade impacts, potential taxation changes, work stoppages, lockdowns, quarantines, travel restrictions, supply chain disruption and the impact on the global and domestic economies and share markets which may include:

- enforcement of closures of any of The Star's properties;
- governmental restrictions that affect The Star's operating conditions;
- re-introduction of domestic and/or international border closures or testing or other requirements which may have an impact on visitation of The Star's operations in Sydney and Queensland; and
- health impacts to The Star's employees, which could result in disruption to normal operating conditions and could adversely impact the availability of qualified personnel needed to conduct certain operations and/or to guests of The Star's properties.

Each of these possible outcomes (amongst other consequences as a result of the factors noted) may impact The Star's operations and financial performance to the extent they materialise in the future.

## **(j) Changes in technology**

In order to continue to deliver better services to customers, comply with regulatory obligations (including in relation to the recently proposed carded play and cash limit, timed play and surveillance requirements) and meet the demands of customers in a highly competitive environment, The Star needs to regularly renew and enhance its technology. Failure to successfully implement and integrate, and remain competitive with, changes in technology can result in considerable costs, reputational damage and/or in the loss of market share to competitors.

The Star has also made significant investments to update and standardise its asset protection and surveillance technology systems. Failure to ensure these updates are relevant could result in operational and system instability, failure to meet compliance obligations, and/or result in undesirable conduct occurring at The Star's premises. These risks can have a direct impact to The Star Group's financial performance.

## **(k) Cyber security and privacy risks**

The Star is required to collect and maintain confidential customer information and commercially sensitive data in the course of its business operations and will seek to engage with relevant regulatory authorities to reduce the period of time for which it is required to do so.

# KEY RISKS (CONT'D)

When possessing confidential customer and commercial sensitive data, there is a risk that these, or services The Star uses or is dependent upon, might fail, including because of a leak or unauthorised access or use. Most of The Star's daily operations are computer-based and information systems applications and technology are essential to maintaining effective operations. The Star is also conscious that threats to information systems applications and technology are continuously evolving and cyber threats and the risk of attacks are increasing and therefore The Star has a dedicated IT security function which continuously tests and monitors technology systems to ensure new threats are identified, evolving risks are mitigated, policies and procedures are updated and good practice is maintained.

However, The Star may not be able to anticipate all attacks as they may be dynamic in nature or implement effective measures to prevent or minimise disruptions that may be caused by all cyber threats because the techniques used can be highly sophisticated and those perpetuating the attacks may be well resourced. Furthermore, these risks may be further exacerbated by geopolitical risks and a significant number of high-profile cyber security incidents involving other persons or entities receiving a significant amount of media coverage, and political commentary.

As there can be no guarantee that the steps taken by The Star to manage these risks will be fully effective, any failure of these systems could result in business interruption, customer dissatisfaction, legal or regulatory breaches (including of privacy legislation) and liability, loss of customers, financial compensation, damage to reputation and/or a weakening of The Star's competitive position (in each case, which may not be recoverable under any of The Star Groups' relevant policies of insurance). This in turn could adversely impact The Star's financial performance, financial position and prospects.

## **(l) Failure of risk management strategies**

The Star Group is in the process of improving its risk management strategies and internal controls involving processes and procedures intended to identify, assess, measure, monitor, report and mitigate the risks to which it is subject as noted above as part of the development and implementation of the Remediation Actions (see 'Remediation Actions').

There are inherent limitations with any risk management framework as there may exist, or develop in the future, risks that The Star Group has not anticipated or identified or for which the identified controls may not operate effectively.

If any of The Star Group's risk management processes and procedures prove ineffective or inadequate or are otherwise not appropriately implemented, The Star Group could suffer unexpected losses and reputational damage which could adversely impact The Star Group's financial performance, financial position and prospects.

## **(m) Breach of industrial practices**

Failure by an employer to comply with relevant employment laws, awards or enterprise agreements can lead to potential regulatory investigations or enforcement actions or other civil or criminal fines or penalties. While The Star has processes in place to ensure compliance with applicable labour laws, the overlap of workplace agreements, awards and industrial relations rules can give rise to risks of breaches having occurred in the jurisdictions in which The Star Group operates.

As disclosed to the ASX on 7 February 2022 and in its 2022 Annual Report, The Star identified the underpayment of approximately \$13.2 million in wages to certain current and former salaried team members. While The Star has taken steps to remediate these issues, further breaches (including historical breaches) may occur or be identified, which may have an adverse impact on The Star's financial performance and financial position and result in regulatory action.

## **(n) Safety**

Employees of The Star Group are at risk of workplace accidents and incidents. In the event that an employee is injured or some other event or circumstance occurs giving rise to a claim, in each case in the course of their employment, The Star Group may be liable for penalties or damages (to the extent not covered by insurance). This has the potential to harm both the reputation and financial performance of The Star Group.

There is a risk of serious injury or fatality of employees, patrons and contractors on the premises operated by The Star Group. The occurrence of such events may have an adverse effect on the productivity, operations and reputation of The Star Group. In the event that a person is injured or some other event or circumstance occurs giving rise to a claim, The Star Group may be liable to the extent not covered by insurance (such as public liability insurance).

## **(o) Insurance risk**

The Star Group maintains insurance that it considers to be prudent for the scope and scale of its activities. If The Star Group's third-party providers fail to perform their obligations and/or its third-party insurance cover (including directors and officers insurance and public liability insurance) is insufficient for a particular matter or group or related matters, the net loss to The Star Group could adversely impact The Star's financial performance, financial position, capital resources and prospects.



# KEY RISKS (CONT'D)

If the Star Group needs to make significant claims against its existing insurance policies, this may have an adverse impact on its insurance premiums and expenses going forward, which in turn may have an adverse impact on its financial performance and position (see also 'Development projects').

Further, the Bell Review and subsequent regulatory attention or reviews, the current regulatory action taken against The Star and its controlled entities (see 'Future suitability to hold casino licences in New South Wales and Queensland'), regulatory non-compliances (see 'Legal and regulatory compliance' and 'Litigation and disputes') and ESG considerations may in the future prevent The Star Group from obtaining insurance coverage for potential losses and liabilities or to obtain such insurance on commercially reasonable terms. If that occurs, a higher proportion of The Star's risk exposure may become uninsured with The Star having to carry any liabilities arising from uninsured risk.

## **(p) Strategic risk**

Strategic risk is the risk associated with the pursuit of The Star's strategic objectives including the risk that it fails to execute its chosen strategy effectively or within a timely manner. This may be as a result of factors within or outside of The Star's control.

A failure to execute The Star's strategic objectives including those identified in the Remediation Actions may result in a failure to achieve anticipated benefits and ultimately adversely impact The Star's operations, financial performance, financial position, capital resources and prospects.

## **(q) Mergers, acquisitions and divestments**

The Star may engage in merger, acquisition or divestment activities which facilitate The Star's strategic direction. These activities may involve entering new markets, exiting investments and/or expanding The Star's current investment portfolio and may affect The Star Group's risk profile through changes to, or to the relative importance of, the investments to which it has exposures.

While The Star recognises that benefits may arise from merger, acquisition or divestment activities, significant risks exist in both the execution and implementation of those activities. In particular, any merger, acquisition or divestment activities involving a member of The Star Group (such as the proposed disposal of the Treasury Brisbane buildings) may require relevant State and/or gaming or other regulatory approvals or consents be obtained before being implemented. Accordingly, there is a risk that any such approval or consent may be delayed, not provided or provided subject to conditions, which may impact The Star's ability to complete merger, acquisition or divestment activities and realise value from those activities in a timely and effective manner, or on terms acceptable to it.

Further, any delay or failure to obtain the necessary regulatory approvals in relation to a divestment by The Star, or any joint venture in which The Star has an interest, may result in refinancing risk for The Star or the relevant joint venture entity to the extent that the divestment may not take place ahead of the expected maturity of the relevant debt arrangements (see 'Availability of funding, service of debt funding, liquidity risk'). If The Star or the relevant joint venture entity is unable to refinance its debt obligations, or to do so on reasonable terms, this may have an adverse impact on the financial position and performance of The Star – in particular in circumstances where The Star has provided a guarantee in connection with the initial financing arrangements.

The Star may raise additional debt or raise equity to finance any major merger or acquisition and this would cause The Star to face the financial risks and costs associated with additional debt or equity. Where The Star decides to divest a business or asset, this may involve a loss against book value, particularly of any goodwill or other intangibles.

Changes in ownership and management may result in impairment of relationships with employees and customers of the acquired businesses. Depending on the type of transaction, it could take a substantial period of time for The Star to realise the financial benefits of the transaction, if any.

Any acquisition or divestment may result in a material positive or negative impact on The Star Group's financial position, including reported profit and loss and capital ratios. There can be no assurance that any acquisition (or divestment) would have the anticipated positive results, including results relating to the total cost of integration (or separation), the time required to complete the integration (or separation), the amount of longer-term cost savings, the overall performance of the combined (or remaining) entity, or an improved price for The Star's securities.

## **(r) Reliance on external parties**

The Star's operations depend on performance by a number of external parties under contractual arrangements with The Star including its suppliers and hospitality partners. Non-performance of contractual obligations and poor operational performance may have an adverse impact on The Star's business and financial performance.

In addition, The Star also has key outsourcing agreements including in relation to its IT platforms and systems where certain activities can be more effectively provided. Although The Star has taken steps to protect it from the effects of defaults, inadvertent loss of data, breaches of privacy or security, under these contractual arrangements and outsourcing agreements, any defaults, losses or breaches of this type may have an adverse effect on The Star's financial performance.

# KEY RISKS (CONT'D)

## (s) Change in accounting policy

Australian Accounting Standards are issued by the Australian Accounting Standards Board and are not within the control of The Star and its Directors. Changes to the Australian Accounting Standards or the interpretation of those Standards could affect The Star's reported earnings and its financial position from time to time.

## (t) Cost discipline

The Star Group continues to be subject to significant cost pressures as a result of the regulatory issues identified in the Bell Review and Gotterson Review, including costs associated with the external manager, implementation of the Remediation Actions, payment of fines and penalties and increased ongoing compliance costs. If The Star Group is unable to maintain an appropriate level of cost discipline in other aspects of its business in light of these other costs pressure, its business, financial performance, results of operations and cash flows may be adversely impacted.

## (u) Currency risk

The Star Group is exposed to foreign currency risk arising from through movements in USD/AUD exchange rate in particular. The Star Group actively measures these exposures and has measures in place to manage some of that exposure.

However, notwithstanding those measures, the movement of foreign exchange rates could still have an adverse impact on The Star Group's operating and financial performance. See also 'Political and general business and economic conditions' regarding the risks in relation to the current economic environment.

## (v) Investment risks

The Star invests funds it receives in the course of conducting its business. The value of those investments or the return on them may rise or fall as a result of circumstances beyond The Star's control, including general economic conditions in Australia or overseas. Risks associated with returns on investments are particularly acute during periods of elevated global financial market volatility, such as those experienced post the outbreak of the global COVID-19 pandemic, post the start of the ongoing conflict in Ukraine and given the current geopolitical conditions and higher inflationary environment.

## 1.2 Offer and General Risks

### (a) Offer risk

There is a risk that the amount of proceeds that may be raised by The Star may be adversely impacted by one or more events which may or may not be within the control of The Star including in respect of the underwritten amount of the Offer, the Underwriters terminating the Underwriting Agreement in accordance with its terms (see further summary of a number of these termination events in 'Underwriting Risk').

The occurrence of any of these may have a material adverse impact on the total amount of proceeds that could be raised by The Star, which in turn would have a material adverse impact on The Star's financial position and liquidity, with the result that the trading price of The Star Group's equity or debt securities could decline, and investors could lose all or part of their investment. These factors may also impact The Star's ability to continue as a going concern.

### (b) Market price of ordinary shares will fluctuate

The Star's ordinary shares trade on ASX. The market price of The Star's ordinary shares on ASX may fluctuate due to various factors, including:

- Australian and international general economic conditions (including rising inflationary pressures, the level of economic activity, an economic recession or downturn, increasing costs of living, tightening labour markets, rising interest rates and currency exchange rates), changes in government policy, changes in regulatory policy, the expressed views of regulators, investor sentiment and general market movements, which may or may not have an impact on The Star's actual operating performance;
- geopolitical tensions or other major Australian and international events including hostilities and tensions (including the conflict in Ukraine), and acts of terrorism;
- operating results that vary from expectations of securities analysts and investors;
- changes in expectations as to The Star's future financial performance, including financial estimates by securities analysts and investors;
- changes in market valuations of other financial services institutions;
- changes in dividends paid to shareholders, The Star's dividend payout policy or The Star's ability to frank dividends;
- announcement of acquisitions, strategic partnerships, joint ventures or capital commitments by The Star or its competitors;

# KEY RISKS (CONT'D)

- changes in the market price of ordinary shares and/or other capital securities or other equity securities issued by The Star or by other issuers, or changes in the supply of equity securities or capital securities issued by The Star or by other issuers;
- changes in laws, regulations and regulatory policy;
- The Star's failure to comply with law, regulations or regulatory policy, which may result in regulatory investigations, inquiries, litigation, fines, penalties, infringement notices, revocation, suspension or variation of conditions of relevant regulatory licences or other enforcement or administrative action or agreements (for example, enforceable undertakings);
- the impact of COVID-19, or other pandemics or epidemics, and the measures taken to control their spread; and
- other events set out in Section 1.1 "Risks associated with The Star's business".

It is possible that the price of The Star's ordinary shares will trade at a market price below the Offer price as a result of these and other factors. It is also possible that new risks might emerge as a result of Australian or global markets experiencing extreme stress or existing risks may manifest themselves in ways that are not currently foreseeable. There have been in recent months, and may be in the future, significant fluctuations and volatility in the prices of shares. In particular, the COVID-19 pandemic, and the continuing uncertainty as to its future impact on the Australian and global economies, has contributed to significant market falls and volatility, including on the prices of shares trading on ASX (including the price of The Star shares) and other foreign securities exchanges, which may materially adversely impact the market price of New Shares.

## (c) Underwriting risk

Barrenjoey Markets Pty Limited (ABN 66 636 976 059) (**Barrenjoey**) and Macquarie Capital (Australia) Limited (ABN 79 123 199 548) (**Macquarie**) (**Underwriters**) will be acting as joint underwriters, joint lead managers and bookrunners to the Entitlement Offer and the Placement. The Star entered into an underwriting agreement with the Underwriters in respect of the Entitlement Offer and the Placement on 23 February 2023 (**Underwriting Agreement**). Pursuant to the Underwriting Agreement, the Underwriters have agreed to underwrite the Placement and the Entitlement Offer other than the amount of approximately \$80 million, which is the subject of binding pre-commitments from The Star's strategic partners, Chow Tai Fook Enterprises Limited and Far East Consortium International Limited.

### *Key terms of the Underwriting Agreement*

Each Underwriter's obligations under the Underwriting Agreement, including to underwrite and manage the Entitlement Offer and the Placement, are conditional on certain matters, including (but not limited to) certain Offer Documents (defined below) being released within the required timeframes and certain other diligence-related deliverables being provided within the required timeframes.

If certain conditions are not satisfied or certain events occur, the Underwriters may terminate the Underwriting Agreement. Termination of the Underwriting Agreement by both Underwriters would have a material adverse impact on the total amount of proceeds that could be raised under the Entitlement Offer and the Placement, which in turn would have a material adverse impact on The Star's financial position and the temporary relief obtained from The Star's relevant lenders (see further 'Availability of funding, service of debt financing, liquidity risk'). The events which may trigger termination of the Underwriting Agreement include (but are not limited to) the following:

- failure to satisfy a condition precedent to the Underwriters' underwriting obligations within the required timeframe;
- a statement contained in the disclosure materials for the Entitlement Offer and the Placement (**Offer Documents**) does not comply with the Corporations Act, including if a statement in any of the Offer Documents or in certain public information is or becomes misleading or deceptive in a material respect or is likely to mislead or deceive in a material respect, including by omission, or a material matter required to be included is omitted from an Offer Document;
- any binding waiver granted to The Star by the financiers under its existing financing arrangements, which provides relief or amendments in relation to any covenants or other obligations or provisions under those financing arrangements (**Debt Covenant Waiver**) is or is reasonably likely to be breached, or a Debt Covenant Waiver is or is reasonably likely to be withdrawn, rescinded, revoked (or become revocable, void or voidable), altered or amended without the prior written consent of the Underwriters, or a condition precedent to which it is subject becomes unlikely or impossible to be satisfied by its due date;
- except as addressed by the Debt Covenant Waivers, The Star's existing debt facilities or any other debt facility or financial accommodation is or is reasonably likely to be breached, terminated (or become terminable, void, voidable or unenforceable), rescinded or amended without the prior written consent of the Underwriters, or a condition precedent to which it is subject has become unlikely or impossible to be satisfied by its due date or any event occurs which gives a lender or financier under The Star's existing financing arrangements or other debt facility or financial accommodation the right to accelerate or require repayment of the debt or financing thereunder;
- a cleansing notice issued in connection with the Offer is or becomes defective, or The Star gives or is required to give a corrective statement under the Corporations Act and, in each case, that defective cleansing notice or corrective statement is adverse from the point of view of an investor;
- certain regulatory actions occur against or involving The Star, its directors and / or officers in relation to the Entitlement Offer or the Placement or certain Offer Documents or that may otherwise delay the Entitlement Offer or the Placement, subject to certain exceptions;
- The Star or any of its material subsidiaries becomes insolvent, or there is an act or omission which is likely to result in any member of The Star Group becoming insolvent;
- The Star ceases to be admitted to the official list of ASX or The Star's shares cease trading or are suspended from official quotation or cease to be quoted on ASX (other than due to a trading halt requested by The Star to facilitate the Entitlement Offer and the Placement);



# KEY RISKS (CONT'D)

- ASX makes any official statement to any person, or indicates to The Star or the Underwriters that it will not grant permission for the official quotation of the New Shares under the Entitlement Offer or Placement, or the approval is subsequently withdrawn, qualified (other than by way of customary conditions) or withheld;
- The Star withdraws the Entitlement Offer and the Placement or any of the Offer Documents;
- The Star is or will be prevented from conducting or completing the Entitlement Offer or the Placement for certain reasons;
- The Star does not provide a certificate when required to under the Underwriting Agreement or a statement in any such certificate misleading, inaccurate, untrue or incorrect;
- The Star alters its constitution without the prior written consent of the Underwriters;
- The Star reduces, reorganises or otherwise alters or restructures its capital structure (other than as contemplated under the Offer or the Underwriting Agreement), or agrees to do any of those things, without the prior written consent of the Underwriters;
- the trading halt contemplated in the Underwriting Agreement ends early without the prior written consent of the Underwriters;
- there are certain delays in the timetable for the Entitlement Offer and the Placement;
- except where already disclosed to ASX prior to the date of the Underwriting Agreement or where disclosed in the Offer Documents on the launch date of the Entitlement Offer and Placement or in The Star's results for the half year ended 31 December 2022, any of the following occurs:
  - the commencement of certain material legal proceedings against any member of The Star Group or its respective directors in their capacity as director or there is a materially adverse development from the perspective of The Star, or any other member of The Star Group or their respective directors in relation to any existing legal proceedings;
  - certain material regulatory actions occur involving a member of The Star Group or any of its respective directors or a member of core senior management; or
  - a director of The Star or any member of its core senior management is charged with an indictable offence in connection with their role or is disqualified from managing a corporation under the Corporations Act;
- certain control transactions are announced which in the opinion of the Underwriters (acting reasonably) has reasonable prospects of success;
- any adverse change occurs, or there is a development involving a prospective adverse change, in the assets, liabilities, financial position or performance, profits, losses or prospects of The Star Group from those respectively disclosed in any Offer Document, The Star's financial results for the half year ended 31 December 2022 or in certain public information;
- except as disclosed to ASX prior to the date of the Underwriting Agreement, a change in the board or senior management of The Star is announced or occurs;
- a representation, warranty, undertaking or obligation contained in the Underwriting Agreement on the part of The Star is breached, becomes not true or correct or is not performed;
- The Star fails to perform or observe any of its obligations under the Underwriting Agreement;
- the due diligence report or any other information supplied by or on behalf of The Star to the Underwriters in relation to The Star Group or the Entitlement Offer or the Placement, or certain public information, is or becomes misleading or deceptive, including by way of omission;
- there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any State or Territory of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced or proposed before the date of the Underwriting Agreement) or a previously disclosed policy or law is materially different from that previously announced or proposed (other than where that proposal or change occurs after the date of the Underwriting Agreement and before 10:00am on the settlement date for the Placement and the institutional component of the Entitlement Offer, and would constitute a repricing event (as set out below));
- hostilities not existing at the date of the Underwriting Agreement commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) or a significant terrorist act is perpetrated, in each case Australia and involving certain other countries, or the military of any member state of the North Atlantic Treaty Organisation (NATO) becomes directly involved in the conflict in Ukraine and Russia, or Russia commences hostilities against any member state of NATO or chemical, nuclear or biological weapons are deployed in the conflict in Ukraine, or a national emergency or a major escalation of a national emergency is declared by any of those countries; or
- any of the following occurs:
  - a general moratorium on commercial banking activities in Australia and certain other countries is declared by the relevant central banking authority in those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries;
  - trading in all securities quoted or listed on ASX and certain foreign exchanges is suspended or limited for at least one day on which that exchange is open for trading; or
  - any other adverse change or disruption occurs to the political or economic conditions or financial markets of certain countries or any change or development involving a prospective adverse change in national or international political, financial or economic conditions in any of those countries.

The ability of an Underwriter to terminate the Underwriting Agreement in respect of some events will depend on whether the Underwriter has reasonable grounds to believe that the event:

- a) has or could be reasonably expected to have a material adverse effect on the:
  - (i) success, settlement or marketing of the Entitlement Offer and the Placement; or
  - (ii) the ability of that Underwriter to market or promote or settle the Entitlement Offer and the Placement; or
- b) will, or is likely to, give rise to liability of that Underwriter under, or a contravention by that Underwriter or its affiliates of, or that Underwriter or its affiliates being involved in a contravention of, any applicable law.

# KEY RISKS (CONT'D)

The Underwriting Agreement may also be terminated by the Underwriters in circumstances where the following repricing event is notified to The Star by an Underwriter (and the parties acting in good faith and reasonably, are unable to reach an agreement as to the amendments to the Underwriting Agreement as a result of the below event) there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any State or Territory of Australia a new law relating to taxation, or any Commonwealth or State authority adopts or announces a proposal to adopt a new policy relating to taxation (other than a law or policy which has been announced or proposed before the date of this agreement) or a previously disclosed policy, announcement or law relating to taxation which would result in a higher level of taxation being applied to, or payable by, The Star from that previously announced or proposed is announced or introduced into the Parliament of Australia or any State or Territory of Australia, and in the opinion of the Underwriters (acting reasonably) has or could be reasonably expected to have a material adverse effect on the success, settlement or marketing of the Offer or on the ability of the Underwriters to market or promote or settle the Offer.

If a repricing event occurs, the obligations of the Underwriters and The Star under the Underwriting Agreement will be suspended and the timetable of the Offer will be adjusted until an agreement is reached, or the Underwriting Agreement is terminated as set out above.

For details of the fees payable to the Underwriters, see the Appendix 3B released to ASX on 23 February 2023.

The Star also gives certain representations, warranties and undertakings to the Underwriters and an indemnity to the Underwriters and certain affiliated parties subject to certain carve-outs. As part of the undertakings, The Star has agreed to not for a prescribed period of time, without the prior written consent of the Underwriters, allot or agree to allot or indicate in any way that it may or will allot or agree to allot any shares of The Star or other securities that are convertible or exchangeable into equity, or that represent the right to receive equity, of The Star, subject to certain exceptions.

## **(d) Dilution**

Entitlement Offer rights cannot be traded on ASX or otherwise transferred.

If The Star Shareholders do not participate in the Entitlement Offer, then their percentage shareholding in The Star will be diluted and they will not be exposed to future increases or decreases in The Star's share price in respect of those New Shares that would have been issued to them had they participated in the Entitlement Offer.

Similarly, The Star Shareholders who are ineligible, unable to, do not take up their full entitlement under the Entitlement Offer for a pro rata share (or do not participate in the Placement) will have their percentage security holding in The Star diluted and they will not be exposed to future increases or decreases in The Star's share price in respect of those New Shares that would have been issued to them had they participated or been eligible to participate.

The Star may issue new securities in the future to finance acquisitions or pay down debt, any of which may, under certain circumstances, dilute the value of an investor's interest.

The Star notes that in accordance with a subscription agreement dated 28 March 2018 with its joint venture partners CTFE and FEC (**Subscription Agreement**), CTFE and FEC are granted certain top-up rights that entitles each of them to participate in future equity raisings undertaken by The Star in order to maintain their pre-equity raising ownership interests.

On the basis of the terms of the Offer, The Star will be required to give each of CTFE and FEC (or their respective nominees) an opportunity to participate in the Offer on a basis that allows them to maintain their pre-Offer shareholding percentage. CTFE and FEC will otherwise be offered the opportunity to participate in the Offer on the same terms and conditions (including price) as all other eligible shareholders, in accordance with their terms of eligibility.

## **(e) Liquidity risk**

The Star Shareholders who wish to sell their The Star shares may be unable to do so at an acceptable price, or at all, if insufficient liquidity exists in the market for The Star shares.

The Star does not guarantee the market price or liquidity of The Star shares and there is a risk that you may lose some or all of the money you invested.



## **(f) Dividends and other distributions may fluctuate or may not be paid**

In accordance with the conditions of its debt covenant waivers, if the conditions to the granting of that relief are satisfied, no dividend may be declared or paid on The Star's ordinary shares by The Star, nor may any other assets be otherwise paid or distributed to The Star Shareholders. That restriction applies until the later of 30 June 2025 (in the case of the Common Terms Deed Poll) and the first reporting date on which:

- The Star's interest coverage ratio, being the ratio of the EBIT of The Star Group to net interest expense (in each case, for the 12 month period ending on that relevant reporting date) is not less than 1.5:1 (in the case of the Common Terms Deed Poll);
- The Star's gearing ratio, being the ratio of net debt borrowings to 12 month trailing statutory EBITDA, is less than or equal to 2.5:1; and
- all casino licenses of the Company and its Subsidiaries are in full force and effect without suspension or probation or other regulatory action.

To the extent The Star may be permitted to declare dividends on The Star shares in the future it is noted that:

- dividends are discretionary and do not accrue;
- the rate of dividends may fluctuate or The Star may not pay dividends at all; and
- there is a risk that dividends may become less attractive compared to returns on comparable securities or investments.

None of The Star, The Star's directors or any other person guarantees any particular rate of return on The Star shares or that any dividends will be paid.

## **(g) Taxation**

Any change to the current rate of company income tax in jurisdictions where The Star operates may impact on shareholder returns. Any changes to the current rates of income tax applying to shareholders, whether they are individuals, trusts or companies may similarly impact on shareholder returns.

## **(h) Shareholders are subordinated and unsecured investors**

In a winding up of The Star, shareholders' claims will rank after the claims of creditors preferred by law, secured creditors and general creditors. Shareholders' claims will rank equally with claims of holders of all other ordinary shares.

If The Star were to be wound up and, after the claims of creditors preferred by law, secured creditors, general creditors and holders of subordinated instruments (including holders of hybrid securities (if any)) are satisfied, there are insufficient assets remaining, you may lose some or all of the money you invested in The Star shares.

## **(i) Future issues of debt or other securities by The Star**

The Star and members of The Star Group may, at their absolute discretion, issue additional securities in the future that may rank ahead of, equally with or behind ordinary shares, whether or not secured. Additionally, certain convertible securities which may be issued by The Star and members of The Star Group in the future may be converted from debt to equity securities. Any issue or conversion of other securities may dilute the relative value of existing ordinary shares and affect your ability to recover any value in a winding up.

An investment in The Star shares confers no right to restrict The Star from raising more debt or issuing other securities (subject to restrictions imposed under the ASX Listing Rules), to require The Star to refrain from certain business changes, or to require The Star to operate within potential certain ratio limits.

An investment in The Star shares carries no right to participate in any future issue of securities (whether equity, hybrid, debt or otherwise) by any member of The Star Group, other than future pro rata issues if the shareholder is eligible to participate in the pro rata issue under relevant laws.

No prediction can be made as to the effect, if any, future issues of debt or other issues of securities by an entity in The Star Group may have on the market price or liquidity of The Star shares.

## **(j) Funding**

The Star's ability to raise funds from either debt or equity sources in the future depends on a number of factors, including the state of debt and equity markets, the general economic and political climate and the performance, reputation and financial strength of The Star. Changes to any of these underlying factors could lead to an increase in the cost of funding, limit the availability of funding, and increase the risk that The Star may not be able to refinance its debt and/or interest rate or currency hedges before expiry or may not be able to refinance them on substantially the same terms. See also 'Availability of funding, service of debt financing, liquidity risk'.

# KEY RISKS (CONT'D)

## (k) Other external events

Acts of terrorism, an outbreak of international hostilities, labour strikes, civil wars or fires, floods, earthquakes, cyclones and other natural disasters (including where the frequency and severity of those events increase as a result of the effects of climate change), and outbreaks of disease and biosecurity threats (for example, COVID-19) may cause an adverse change in investor sentiment with respect to The Star specifically or the share market more generally, which could have a negative impact on the value of an investment in The Star shares.

# FOREIGN SELLING RESTRICTIONS

This document does not constitute an offer of New Shares of The Star in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

## United States

This Presentation does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. This Presentation may not be distributed or released in the United States.

Neither the entitlements nor the New Shares have been, or will be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States. Accordingly, the entitlements in the institutional component of the Entitlement Offer may not be taken up or exercised by, and the New Shares in the institutional component of the Entitlement Offer and Placement may not be offered or sold, directly or indirectly, in the United States or to any person acting for the account or benefit of a person in the United States (to the extent that the person holds shares for the account or benefit of a person in the United States), except in transactions exempt from, or not subject to the registration requirements of the U.S. Securities Act and any other applicable securities laws of any state or other jurisdiction of the United States. The entitlements and the New Shares to be offered and sold in the Retail Entitlement Offer may only be offered and sold outside the United States in "offshore transactions" (as defined in Rule 902(h) under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act.

## Canada (British Columbia, Ontario and Quebec provinces)

This document constitutes an offering of New Shares only in the Provinces of British Columbia, Ontario and Quebec (the **Provinces**), only to persons to whom New Shares may be lawfully distributed in the Provinces, and only by persons permitted to sell such securities. This document is not a prospectus, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons who are "accredited investors" within the meaning of National Instrument 45-106 – Prospectus Exemptions, of the Canadian Securities Administrators.

No securities commission or authority in the Provinces has reviewed or in any way passed upon this document, the merits of the New Shares or the offering of the New Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the Entitlement Offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and received by the securities regulator in the applicable Province. Furthermore, any resale of the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws. While such resale restrictions generally do not apply to a first trade in a security of a foreign, non-Canadian reporting issuer that is made through an exchange or market outside Canada, Canadian purchasers should seek legal advice prior to any resale of the New Shares.

The Star as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon The Star or its directors or officers. All or a substantial portion of the assets of The Star and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against The Star or such persons in Canada or to enforce a judgment obtained in Canadian courts against The Star or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

**Statutory rights of action for damages and rescission** - Securities legislation in certain Provinces may provide a purchaser with remedies for rescission or damages if an offering memorandum contains a misrepresentation, provided the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's Province. A purchaser may refer to any applicable provision of the securities legislation of the purchaser's Province for particulars of these rights or consult with a legal adviser.

**Certain Canadian income tax considerations** - Prospective purchasers of the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the New Shares as there are Canadian tax implications for investors in the Provinces.

**Language of documents in Canada** - Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.

# FOREIGN SELLING RESTRICTIONS

## France

This document has not been, and will not be, registered with or approved by any securities regulator in France or elsewhere in the European Union. Accordingly, this document may not be made available, nor may the New Shares be offered for sale, in France except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the **Prospectus Regulation**).

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of New Shares in France is limited to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation).

## Hong Kong

**WARNING:** This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the SFO). Accordingly, this document may not be distributed, and the New Shares may not be offered or sold, in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

## New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the **FMC Act**).

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of The Star with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021.

Other than in the Entitlement Offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

## Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007 no. 75. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act. The New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in the Norwegian Securities Trading Act).

## Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part 13 of the Securities and Futures Act 2001 of Singapore (the **SFA**) or another exemption under the SFA.



# FOREIGN SELLING RESTRICTIONS

This document has been given to you on the basis that you are an "institutional investor" or an "accredited investor" (as such terms are defined in the SFA). If you are not such an investor, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party in Singapore. On-sale restrictions in Singapore may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

## Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares constitutes a prospectus or a similar notice, as such terms are understood under art. 35 of the Swiss Financial Services Act or the listing rules of any stock exchange or regulated trading facility in Switzerland.

No offering or marketing material relating to the New Shares has been, nor will be, filed with or approved by any Swiss regulatory authority or authorised review body. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. The New Shares will only be offered to investors who qualify as "professional clients" (as defined in the Swiss Financial Services Act). This document is personal to the recipient and not for general circulation in Switzerland.

## United Arab Emirates

This document does not constitute a public offer of securities in the United Arab Emirates and the New Shares may not be offered or sold, directly or indirectly, to the public in the UAE. Neither this document nor the New Shares have been approved by the Securities and Commodities Authority (SCA) or any other authority in the UAE.

No marketing of the New Shares has been, or will be, made from within the UAE other than in compliance with the laws of the UAE and no subscription for any securities may be consummated within the UAE. This document may be distributed in the UAE only to "professional investors" (as defined in the SCA Board of Directors' Decision No. 13/RM of 2021, as amended).

No offer or invitation to subscribe for New Shares is valid, or permitted from any person, in the Abu Dhabi Global Market or the Dubai International Financial Centre.

## United Kingdom

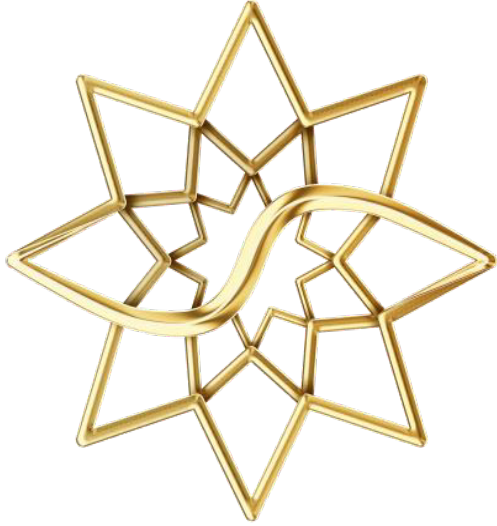
Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (FSMA)) has been published or is intended to be published in respect of the New Shares.

The New Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to "qualified investors" within the meaning of Article 2(e) of the UK Prospectus Regulation. This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to The Star.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (FPO), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.





**THE STAR**  
ENTERTAINMENT  
GROUP

## 5 ADDITIONAL INFORMATION

### 5.1 RESPONSIBILITY FOR THIS RETAIL OFFER BOOKLET

This Retail Offer Booklet (including the ASX announcements in Section 4 and attached Entitlement and Acceptance Form) has been prepared by The Star. No party other than The Star has authorised or caused the issue of this Retail Offer Booklet, or takes any responsibility for, or makes or gives any statements, representations or undertakings in, this Retail Offer Booklet.

### 5.2 DATE OF THIS RETAIL OFFER BOOKLET

This Retail Offer Booklet is dated Thursday, 2 March 2023. Subject to the following paragraph, statements in this Retail Offer Booklet are made only as of the date of this Retail Offer Booklet unless otherwise stated and the information in this Retail Offer Booklet remains subject to change without notice. The Star is not responsible for updating this Retail Offer Booklet.

The ASX announcements set out in Section 4 of this Retail Offer Booklet are current as at the date on which they were released. There may be additional announcements that are made by The Star (including on or after the date of those announcements) that may be relevant to your consideration of whether to take up your Entitlement. Therefore, it is prudent that you check whether any further announcements have been made by The Star before submitting an Application. That information is available to the public from ASX and can be accessed at [www.asx.com.au](http://www.asx.com.au).

### 5.3 RANKING OF NEW SHARES

The New Shares issued under the Retail Entitlement Offer will be fully paid and rank equally with Existing Shares with effect from their date of issue.

The rights attaching to the New Shares are set out in The Star's Constitution and are regulated by the Corporations Act, Listing Rules and general law.

### 5.4 ALLOTMENT, QUOTATION AND TRADING

The Star will apply for quotation of the New Shares on ASX in accordance with Listing Rule requirements. If ASX does not grant quotation of the New Shares, The Star will repay all Application Money (without interest).

Subject to ASX approval being granted, it is expected that the New Shares allotted under the Retail Entitlement Offer will commence trading on a normal basis on Tuesday, 21 March 2023. Application Money will be held by The Star on trust for Applicants until the New Shares are allotted. No interest will be paid on Application Money, and any interest earned on Application Money will be for the benefit of The Star and will be retained by The Star irrespective of whether New Shares are issued.

It is the responsibility of Applicants to determine the number of New Shares allotted and issued to them prior to trading in such Shares. The sale by an Applicant of New Shares prior to receiving their holding statement is at the Applicant's own risk.

**To the maximum extent permitted by law, The Star, the Underwriters and the Share Registry and their respective Beneficiaries disclaim all liability (whether in fault, negligence or otherwise) in respect of persons who trade New Shares they believe have been issued to them before receiving their holding statements, whether on the basis of confirmation of the allocation or issue provided by The Star, the Underwriters or the Share Registry or otherwise, or who otherwise trade or purport to trade New Shares in error or which they do not hold or are not entitled to.**

## 5.5 UNDERWRITING

The Star's joint venture partners, Chow Tai Fook Enterprises Limited and Far East Consortium International Limited, have provided binding pre-commitments for approximately \$80 million, which equates to their functional pro rata entitlement in the Offer<sup>18</sup>.

The Underwriters are acting as joint underwriters, joint lead managers and bookrunners to the balance of the Offer. The Star entered into an Underwriting Agreement with the Underwriters in respect of the balance of the Offer on Thursday, 23 February 2023 (**Underwriting Agreement**).

For a summary of the key terms of the Underwriting Agreement see slides 49 to 51 of the Investor Presentation (see Section 4 of this Retail Offer Booklet).

## 5.6 CONTINUOUS DISCLOSURE

The Star is a "disclosing entity" under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules, including the preparation of annual reports and half yearly reports.

The Star is required to notify ASX of information about specific events and matters as they arise for the purposes of ASX making that information available to the securities markets conducted by ASX. In particular, The Star has an obligation under the Listing Rules (subject to certain exceptions) to notify ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of The Star Shares. That information is available to the public from ASX and can be accessed at [www.asx.com.au](http://www.asx.com.au).

## 5.7 NO COOLING OFF RIGHTS

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your Application once it has been made or accepted.

## 5.8 ROUNDING OF ENTITLEMENTS

Where fractions arise in the calculation of an Entitlement, they will be rounded up to the nearest whole number of New Shares.

## 5.9 NOT FINANCIAL PRODUCT OR INVESTMENT ADVICE

This Retail Offer Booklet and the accompanying Entitlement and Acceptance Form is for information purposes only and is not a prospectus, disclosure document or other offering document under the Corporations Act or any other law and has not been lodged with ASIC. It is also not financial product or investment advice or a recommendation to acquire New Shares and has been prepared without taking into account your objectives, financial circumstances or particular needs. This Retail Offer Booklet should not be considered to be comprehensive and does not purport to contain all the information that you may require to make a decision about whether to submit your Entitlement and Acceptance Form and invest in New Shares. This Retail Offer Booklet should be read in conjunction with The Star's other periodic statements and continuous disclosure announcements lodged with ASX which are available at [www.asx.com.au](http://www.asx.com.au).

Before making an investment decision, you should consider the appropriateness of the information in this Retail Offer Booklet having regard to your own objectives, financial situation and needs and seek legal and taxation advice appropriate to your jurisdiction. If you have any questions about whether you should participate in the Retail Entitlement Offer, you should seek professional financial advice before making any investment decision. The Star is not licensed to provide financial product advice in respect of New Shares.

## 5.10 FINANCIAL DATA

All dollar values are in Australian dollars (\$A).

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<sup>18</sup> Being Chow Tai Fook Enterprises Limited and Far East Consortium International Limited's pro rata entitlement under the Entitlement Offer and their pro rata allocation under the Placement.

All financial data is presented as at 31 December 2022 unless otherwise stated.

## **5.11 INELIGIBLE SHAREHOLDERS**

All Shareholders who do not satisfy the criteria to be Eligible Retail Shareholders or Eligible Institutional Shareholders are Ineligible Shareholders. Ineligible Shareholders are not entitled to participate in the Entitlement Offer unless The Star otherwise determines.

The restrictions upon eligibility to participate in the Entitlement Offer arise because The Star has determined, pursuant to Listing Rule 7.7.1(a) and section 9A(3)(a) of the Corporations Act, that it would be unreasonable to extend the Entitlement Offer to Ineligible Shareholders. This decision has been made after taking into account the legal and regulatory requirements in certain countries, the relatively small number of Ineligible Shareholders in certain countries, the number and value of New Shares to which those Ineligible Shareholders would otherwise be entitled and the cost of complying with applicable laws and the requirements of any regulatory authority in jurisdictions outside Australia and New Zealand.

The Star, in its absolute discretion, may extend the Entitlement Offer to any Shareholder if it is satisfied that the Entitlement Offer may be made to the Shareholder in compliance with all applicable laws.



## 6 AUSTRALIAN TAXATION CONSEQUENCES

Below is a general guide to the Australian income tax, GST and stamp duty implications of the Retail Entitlement Offer for Eligible Retail Shareholders that hold their New Shares on capital account. In addition, the guide below applies only to Eligible Retail Shareholders who are Australian tax resident individuals, companies or complying superannuation entities. The guide does not apply to Eligible Retail Shareholders who:

- (a) hold Shares as revenue assets or trading stock (which will generally be the case if you are a bank, insurance company, carry on a business of share trading or have made certain elections under the Taxation of Financial Arrangements regime in Division 230 of the *Income Tax Assessment Act 1997*), or are exempt from Australian income tax;
- (b) acquired the Shares in respect of which their Entitlements are issued under any employee share scheme or where New Shares are acquired pursuant to any employee share scheme; or
- (c) may be subject to special tax rules, such as insurance companies, partnerships, tax exempt organisations, trusts (except where expressly stated), non-complying superannuation funds (except where expressly stated) or temporary residents.

The guide does not take account of the individual circumstances of particular Eligible Retail Shareholders and does not constitute tax advice. It does not purport to be a complete analysis of the potential tax consequences of the Retail Entitlement Offer and is intended as a general guide to the Australian income tax, GST and stamp duty implications. Eligible Retail Shareholders should seek advice from an appropriate professional adviser in relation to the tax implications of the Retail Entitlement Offer based on their own individual circumstances.

The comments below are based on the Australian tax law as it applies as at 5.00pm (AEDT) on Monday, 27 February 2023. Other than as expressly discussed or specified, the comments do not take into account or anticipate changes in Australian tax law or future judicial interpretations of law after this time. The comments also do not take into account tax legislation of any country other than Australia.

### 6.2 ISSUE OF ENTITLEMENT

The issue of the Entitlement should be non-assessable non-exempt income and should not, in itself, result in any amount being included in the assessable income of an Eligible Retail Shareholder.

### 6.3 EXERCISE OF ENTITLEMENT

New Shares will be acquired where the Eligible Retail Shareholder exercises all or part of their Entitlement under the Retail Entitlement Offer.

An Eligible Retail Shareholder should not derive any assessable income, or make any capital gain or capital loss, at the time of exercising their Entitlement (in full or in part) under the Retail Entitlement Offer.

For Australian CGT purposes, New Shares will be taken to have been acquired on the day that an Eligible Retail Shareholder exercises their Entitlement. The cost base of each New Share will be equal to the Offer Price payable for each New Share plus certain non-deductible incidental costs the Eligible Retail Shareholder incurs in acquiring, holding and disposing of the New Shares.

### 6.4 LAPSE OF ENTITLEMENT

If an Eligible Retail Shareholder does not accept all or part of their Entitlement in accordance with the instructions set out above, then that Entitlement will lapse and the Eligible Retail Shareholder will not receive any consideration for their Entitlement that is not taken up. There should be no tax implications for an Eligible Retail Shareholder from the lapse of the Entitlement.

### 6.5 TAXATION IN RESPECT OF DIVIDENDS ON NEW SHARES

Any future dividends or other distributions made in respect of New Shares will be subject to the same income taxation treatment as dividends or other distributions made on Existing Shares held in the same circumstances.

## 6.6 DISPOSAL OF NEW SHARES

The disposal of New Shares should constitute a disposal for CGT purposes.

On disposal of a New Share, an Eligible Retail Shareholder will make a capital gain if the capital proceeds received on disposal exceed the cost base of the New Share. An Eligible Retail Shareholder will make a capital loss if the capital proceeds are less than the reduced cost base of the New Share.

Eligible Retail Shareholders that are individuals, trusts or complying superannuation entities and that have held their New Shares for 12 months<sup>19</sup> or more at the time of disposal should be entitled to apply the applicable CGT discount factor to reduce the capital gain (after offsetting capital losses). The CGT discount factor is 50% for individuals and trusts and 33⅓% for complying superannuation entities.

Eligible Retail Shareholders will be taken to have acquired New Shares on the day they exercise their Entitlement under the Retail Entitlement Offer. Accordingly, to be eligible for the CGT discount, the New Shares must be held for at least 12 months<sup>20</sup> after the date that the Eligible Retail Shareholder exercised their Entitlement.

If Eligible Retail Shareholders make a capital loss, they can only use that capital loss to offset capital gains made from other sources (ie the capital loss cannot be applied against taxable income on revenue account). However, if the capital loss cannot be used in a particular income year, then it can be carried forward to use in future income years, providing certain tests are satisfied.

## 6.7 PROVISION OF TFN AND/OR ABN

The Star may be required to withhold tax from Eligible Retail Shareholders on payments of dividends that are not fully franked, at the specified rate, and remit such amounts to the Australian Taxation Office, unless the Eligible Retail Shareholders have provided an Australian Business Number (**ABN**), Tax File Number (**TFN**), or they have informed The Star that they are exempt from quoting their ABN or TFN.

Eligible Retail Shareholders are not required to provide their ABN or TFN to The Star, however they may choose to do so. If Eligible Retail Shareholders have previously quoted their ABN, TFN or have notified The Star that an exemption from quoting their TFN or ABN exists, that quotation or exemption will also apply in respect of any New Shares acquired by them.

## 6.8 GST AND STAMP DUTY

No Australian GST or stamp duty should be payable in respect of the issue, exercise or lapse of Entitlements or the acquisition of New Shares pursuant to the Retail Entitlement Offer.

Subject to certain requirements, there may be a restriction on the entitlement of Eligible Retail Shareholders to claim an input tax credit for any GST incurred on costs associated with the acquisition or disposal of New Shares (such as brokerage or adviser fees).

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<sup>19</sup> The ATO measures the period of 12 months for this purpose exclusive of both the acquisition date and the disposal date.

<sup>20</sup> See above footnote.

## 7 DEFINITIONS

**ABN** means Australian Business Number.

**AEDT** means Australian Eastern Daylight Time.

**Applicant** means an Eligible Retail Shareholder who has submitted a valid Application.

**Application** means the arranging for payment of the relevant Application Money through BPAY<sup>®</sup> or EFT in accordance with the instructions on the Entitlement and Acceptance Form or the submission of an Entitlement and Acceptance Form accompanied by the relevant Application Money (which is required for payments by EFT).

**Application Money** means the aggregate amount payable for the New Shares applied for through BPAY<sup>®</sup> or EFT or in a duly completed Entitlement and Acceptance Form (which is required for payments by EFT).

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or, where the context requires, the securities exchange operated by it on which Shares are quoted.

**Barrenjoey** means Barrenjoey Markets Pty Limited (ABN 66 636 976 059).

**Beneficiaries** has the meaning given in the Important Notices.

**BPAY<sup>®</sup>** means registered to BPAY Pty Ltd (ABN 69 079 137 518).

**CGT** means capital gains tax.

**Closing Date** means the day the Retail Entitlement Offer closes, expected to be 5.00pm (AEDT) on Monday, 13 March 2023.

**Company** or **The Star** means The Star Entertainment Group Limited (ABN 85 149 629 023).

**Corporations Act** means the *Corporations Act 2001* (Cth).

**CRN** means Customer Reference Number.

**Eligible Institutional Shareholder** means an Institutional Shareholder on the Record Date whom The Star and the Underwriters determine in their absolute discretion:

- (a) is eligible to participate in the Institutional Entitlement Offer; and
- (b) successfully receives an offer from, or on behalf of, The Star under the Institutional Entitlement Offer,

provided that if such person is in the United States, the person meets certain eligibility criteria determined by The Star and the Underwriters (and who, for the avoidance of doubt, is ineligible to be an Institutional Shareholder under the Underwriting Agreement).

**Eligible Retail Shareholder** has the meaning given in Section 2.4 of this Retail Offer Booklet.

**Eligible Shareholder** means a person who is an Eligible Institutional Shareholder or an Eligible Retail Shareholder.

**Entitlement** means the right to subscribe for 3 New Shares for every 5 Existing Shares held by Eligible Shareholders on the Record Date, pursuant to the Entitlement Offer.

**Entitlement and Acceptance Form** means the personalised entitlement and acceptance form that accompanies this Retail Offer Booklet.

**Entitlement Offer** means the pro rata accelerated non-renounceable entitlement offer of New Shares to Eligible Shareholders to raise approximately \$685 million at the Offer Price on the basis of 3 New Shares for every 5 Existing Shares held on the Record Date, comprised of the Institutional Entitlement Offer and the Retail Entitlement Offer.

**Existing Shares** means the Shares already on issue on the Record Date.

**GST** means goods and services tax imposed in Australia pursuant to the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

**Ineligible Institutional Shareholder** means an Institutional Shareholder that is not an Eligible Institutional Shareholder.

**Ineligible Retail Shareholder** means a retail Shareholder that is not an Eligible Retail Shareholder.

**Ineligible Shareholder** means an Ineligible Institutional Shareholder and an Ineligible Retail Shareholder.

**Institutional Entitlement Offer** means the pro-rata accelerated non-renounceable entitlement offer of New Shares to Eligible Institutional Shareholders under the Entitlement Offer.

**Institutional Investor** means a person whom the Underwriters reasonably believe to be a person:

- (a) in the case of a person with a registered address in Australia, who is an “exempt investor” as defined in *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84*; or
- (b) if outside Australia, a person with a registered address in Canada (British Columbia, Ontario and Quebec provinces only), France, Hong Kong, New Zealand, Norway, Singapore, Switzerland, United Arab Emirates (excluding financial zones) or the United Kingdom, to whom offers for issue of Shares may lawfully be made without the need for a lodged product disclosure statement, prospectus or other disclosure document or other lodgement, registration, filing with or approval by a governmental agency (other than one with which The Star is willing, in its absolute discretion, to comply),

in each case who has been approached by the Underwriters in their absolute discretion, provided that, if such person is in the United States, it is only an Institutional Investor if that person is an Approved U.S. Investor or an Approved U.S. Shareholder (as those terms are agreed between the Company and the Underwriters).

**Institutional Shareholder** means a Shareholder who is an Institutional Investor.

**Investor Presentation** means the presentation to investors released to the ASX on Thursday, 23 February 2023, in Section 4 of this Retail Offer Booklet.

**Listing Rules** means the official listing rules of ASX.

**Macquarie** means Macquarie Capital (Australia) Limited (ABN 79 123 199 548).

**New Shares** means Shares to be allotted and issued under the Entitlement Offer and the Placement (as applicable), including (as the context requires) to the Underwriters or any sub-underwriters.

**Offer** means the offer of New Shares under the Entitlement Offer and the Placement.

**Offer Price** means \$1.20 per New Share, being the price payable per New Share under the Offer.

**Placement** means the institutional placement, as announced by The Star on Thursday, 23 February 2023.

**Record Date** means 7.00pm (AEDT) on Monday, 27 February 2023.

**Retail Entitlement Offer** means the pro rata non-renounceable entitlement offer of New Shares to Eligible Retail Shareholders under the Entitlement Offer.

**Retail Entitlement Offer Period** means the period from 9.00am (AEDT) Thursday, 2 March 2023 to 5.00pm (AEDT) Monday, 13 March 2023.



**Retail Offer Booklet** means this document (including the personalised Entitlement and Acceptance Form accompanying it).

**Section** means a section of this Retail Offer Booklet.

**Share** means a fully paid ordinary share in the capital of The Star.

**Share Registry** means Link Market Services Limited (ABN 54 083 214 537).

**Shareholder** means a registered holder of Shares.

**TERP** has the meaning given in footnote 5.

**TFN** means tax file number.

**Underwriters** means Barrenjoey and Macquarie.

**Underwriting Agreement** means the underwriting agreement entered into on Thursday, 23 February 2023 between The Star and the Underwriters.

**US Securities Act** means the U.S. Securities Act of 1933, as amended.

## **8 CORPORATE INFORMATION**

### **COMPANY**

The Star Entertainment Group Limited  
Level 3, 159 William Street  
Brisbane QLD 4000

### **THE STAR RETAIL ENTITLEMENT OFFER INFORMATION LINE**

If you have any questions about the Retail Entitlement Offer, please contact the Offer Information Line:  
Australia: [1300 880 923](tel:1300880923)  
International: [+61 1300 880 923](tel:+611300880923)  
Open 8.30am to 5.30pm (AEDT) Monday to Friday during the Retail Entitlement Offer Period.

### **INVESTOR ENQUIRIES**

The Star Entertainment Group's Shareholder Relations Team  
[investor@star.com.au](mailto:investor@star.com.au)

### **UNDERWRITERS**

Barrenjoey Markets Pty Limited  
Level 41  
161 Castlereagh Street  
Sydney NSW 2000

Macquarie Capital (Australia) Limited  
Level 4  
50 Martin Place  
Sydney NSW 2000

### **SHARE REGISTRY**

Link Market Services Limited  
Level 12, 680 George Street  
Sydney NSW 2000

### **LEGAL ADVISER**

King & Wood Mallesons  
Level 33, Waterfront Place  
1 Eagle Street  
Brisbane QLD 4000

**STRICTLY CONFIDENTIAL – DO NOT FORWARD – NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES**

Thursday, 2 March 2023

Dear Eligible Retail Shareholder

**THE STAR ENTERTAINMENT GROUP LIMITED – RETAIL ENTITLEMENT OFFER OPEN**

On Thursday, 23 February 2023, The Star Entertainment Group Limited (**The Star**) announced that it was conducting a capital raising comprising an accelerated non-renounceable entitlement offer of new fully paid ordinary shares in The Star (**New Shares**) (**Entitlement Offer**) and a placement of New Shares to institutional investors (**Placement**) to raise in aggregate approximately A\$800 million (together, the **Offer**).

As announced on Friday, 24 February 2023, The Star has successfully completed the institutional component of the Entitlement Offer (**Institutional Entitlement Offer**) and the Placement, which together raised approximately A\$594 million<sup>1</sup>.

**The Retail Entitlement Offer (defined below) is now open and on behalf of the Board, I am pleased to offer you the opportunity to participate.**

Net proceeds from the Offer will be used to repay debt and increase liquidity, and provides The Star with enhanced financial flexibility to help navigate a range of operating and regulatory uncertainties.

For further information, please refer to The Star's ASX releases dated Thursday, 23 February 2023 and Friday, 24 February 2023 available on [www.asx.com.au](http://www.asx.com.au), as well as any subsequent announcements.

**KEY FEATURES OF THE RETAIL ENTITLEMENT OFFER**

The key features of the retail component of the Entitlement Offer (**Retail Entitlement Offer**) are:

- 1 ELIGIBILITY** – Participation in the Retail Entitlement Offer is entirely optional and is open to Eligible Retail Shareholders (defined below). You will be considered an **Eligible Retail Shareholder** and will be able to participate in the Retail Entitlement Offer if:
  - you are registered as a holder of existing fully paid ordinary shares in The Star (**Existing Shares**) on The Star's share register on the Record Date, being 7.00pm (AEDT) Monday, 27 February 2023;
  - you have a registered address in Australia or New Zealand on the Record Date as noted on The Star's share register or are a person that The Star has determined in its discretion is an Eligible Retail Shareholder;
  - you are not in the United States and are not acting for the account or benefit of a person in the United States;
  - The Star determines in its absolute discretion that you did not receive an invitation to participate in, or were otherwise ineligible to participate in, the Institutional Entitlement Offer and were not treated as "Ineligible Institutional Shareholder" under the Institutional Entitlement Offer (other than as a nominee, trustee or custodian, in each case in respect of other underlying holdings); and

<sup>1</sup> This amount is current as at Monday, 27 February 2023 and is subject to final reconciliations being determined under the Institutional Entitlement Offer.

- you are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer without a prospectus or other disclosure document or any lodgement, filing, registration or qualification,

provided (for the avoidance of doubt) that if a shareholder of The Star (including a nominee, trustee or custodian) is acting for the account or benefit of a person in the United States, it may not participate in the Retail Entitlement Offer on behalf of that person.

- 2 ENTITLEMENT** – Eligible Retail Shareholders can subscribe for 3 New Shares for every 5 Existing Shares in The Star they hold as at 7.00pm (AEDT) on Monday, 27 February 2023 (being the Record Date) at an issue price of A\$1.20 per New Share.

Your entitlement may have value and it is important that you determine whether to take up or do nothing in respect of your entitlement. The Entitlement Offer is non-renounceable, which means your entitlements will not be tradeable on ASX or any other exchange, they cannot be sold, and they cannot be privately transferred or otherwise disposed of. This means that Eligible Retail Shareholders who do not take up their full entitlement under the Retail Entitlement Offer will not receive any payment or value for those entitlements not taken up and their percentage holding in The Star will be reduced accordingly.

- 3 OFFER PRICE** – Under the Retail Entitlement Offer, Eligible Retail Shareholders have the opportunity to invest at the same price as the institutional investors who participated in the Institutional Entitlement Offer and the Placement, being A\$1.20 per New Share.

## HOW TO ACCESS THE RETAIL ENTITLEMENT OFFER

The retail offer booklet was released by The Star on ASX on Thursday, 2 March 2023 (**Retail Offer Booklet**). You can access a copy of the Retail Offer Booklet and your personalised application form in the following ways:

- **ONLINE** – The Retail Offer Booklet and your personalised application form (including the BPAY® payment details) can be accessed via the following website [www.starentertainmentgroup.com.au/investor-centre](http://www.starentertainmentgroup.com.au/investor-centre). You will need to provide your Securityholder Reference Number (**SRN**) or Holder Identification Number (**HIN**) and postcode and follow the instructions to apply for New Shares.
- **PAPER** – Request a paper copy of the Retail Offer Booklet and your personalised application form from Link Market Services (**Share Registry**) on 1300 880 923 (within Australia) or +61 1300 880 923 (outside Australia) from 8.30am to 5.30pm (AEDT) Monday to Friday during the Retail Entitlement Offer Period.

## PARTICIPATION IN THE RETAIL ENTITLEMENT OFFER

To participate in the Retail Entitlement Offer, please carefully read the Retail Offer Booklet and ensure that you validly accept your offer and that payment is received by the Share Registry **before 5.00pm (AEDT) on Monday, 13 March 2023 (unless extended)**.

You can accept by paying your Application Money via BPAY®. If you choose to pay via BPAY®, while you are not required to submit the Entitlement and Acceptance Form, you will be taken to make the declarations, acknowledgements, representations, warranties and other confirmations on the Entitlement and Acceptance Form and in the Retail Offer Booklet (including, without limitation, the declarations, acknowledgements, representations, warranties and other confirmations outlined in Section 3.11 of the Retail Offer Booklet). Your payment must be received by the Share Registry before 5.00pm (AEDT) on Monday, 13 March 2023 (unless extended).

If you are an Eligible Retail Shareholder in New Zealand, you may pay via EFT and must complete and return your Entitlement and Acceptance Form to the Share Registry once your application money has been paid by EFT. Both your EFT payment and your completed Entitlement and Acceptance Form must be received by the Share Registry before 5.00pm (AEDT) on Monday, 13 March 2023 (unless extended).

You should check the processing cut-off time for BPAY® or EFT payments with your financial institution to ensure your payment will be received by the Share Registry in time. All payments must be in Australian dollars.

Further details on how to participate in the Retail Entitlement Offer can be found in the Retail Offer Booklet and in the Entitlement and Acceptance Form.

## GENERAL

An investment in New Shares is subject to investment and other known and unknown risks. Please refer to the “Key Risks” in slides 29 to 53 of the Investor Presentation (see Section 4 of the Retail Offer Booklet) for a summary of the general and specific risk factors that may affect The Star and any investment in New Shares.

Capitalised terms used in this letter but not defined have the meaning given to them in the Retail Offer Booklet.

If you have any questions about the Retail Entitlement Offer, please contact The Star Offer Information Line on 1300 880 923 (from within Australia) or +61 1300 880 923 (from outside Australia) at any time between 8.30am to 5.30pm (AEDT), Monday to Friday during the Retail Entitlement Offer Period or visit our website at [www.starentertainmentgroup.com.au/investor-centre](http://www.starentertainmentgroup.com.au/investor-centre).

You should also consult your stockbroker, solicitor, accountant or other professional adviser if you have any questions about the Retail Entitlement Offer.

The Board encourages you to consider participating in the Retail Entitlement Offer and thanks you for your continued support of The Star.

Yours sincerely



**Ben Heap**  
**Chairman**  
**The Star Entertainment Group Limited**

## KEY DATES

EVENT	DATE
Record Date for determining eligibility for the Retail Entitlement Offer	7.00pm (AEDT) Monday, 27 February 2023
Retail Entitlement Offer opens	Thursday, 2 March 2023
Retail Entitlement Offer closes (Closing Date)	5.00pm (AEDT) Monday, 13 March 2023
Announcement of results of Retail Entitlement Offer	Thursday, 16 March 2023
Settlement of New Shares to be issued under the Retail Entitlement Offer	Friday, 17 March 2023
Allotment of New Shares issued under the Retail Entitlement Offer	Monday, 20 March 2023
Normal ASX trading commences and dispatch of holding statements for New Shares issued under the Retail Entitlement Offer	Tuesday, 21 March 2023

*This timetable above (and each reference to it or to dates in it in this letter) is indicative only and subject to change without notice. All times and dates in the timetable refer to Australian Eastern Daylight Time (AEDT). The Star reserves the right to amend any or all of these dates and times subject to the Corporations Act 2001 (Cth), the ASX Listing Rules and other applicable laws. In particular, The Star reserves the right to extend the Closing Date for the Retail Entitlement Offer, to accept late Applications under the Retail Entitlement Offer (either generally or in particular cases) and to withdraw the Retail Entitlement Offer, without prior notice at its absolute discretion. Any extension of the Closing Date may have a consequential effect on the allotment date of New Shares. The quotation of New Shares is subject to confirmation from ASX.*



## **NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES**

This letter does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. No action has been or will be taken to register, qualify or otherwise permit a public offering of the New Shares in any jurisdiction outside Australia or New Zealand. In particular, neither the entitlements nor the New Shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the **U.S. Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold, directly or indirectly, to persons in the United States, except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws of any state or other jurisdiction of the United States. The New Shares to be offered and sold in the Retail Entitlement Offer may only be offered and sold to persons that are not in the United States and are not acting for the account or benefit of a person in the United States, in each case in “offshore transactions” (as defined in Rule 902(h) under the U.S. Securities Act) in reliance on Regulation S.

## **IMPORTANT INFORMATION FOR ELIGIBLE SHAREHOLDERS IN NEW ZEALAND**

The New Shares under the Retail Entitlement Offer are not being offered to the public within New Zealand other than to existing shareholders of The Star with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021.

This letter has been prepared in compliance with Australian law and not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013. This letter is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

## **FORWARD-LOOKING STATEMENTS**

This letter contains certain forward-looking statements. The section of the Important Notice in the Retail Offer Booklet titled “Future performance and forward-looking statements” applies to the forward-looking statements in this letter, with the necessary contextual changes.

## **GENERAL**

This letter and the Retail Offer Booklet do not constitute or provide financial advice and have been prepared without taking into account your particular objectives, financial situations or needs. You should seek independent advice from your stockbroker, solicitor, accountant or other professional adviser before participating. To the extent of any inconsistency between this letter and the Retail Offer Booklet, the Retail Offer Booklet prevails to the extent of the inconsistency. To the extent of any inconsistency between this letter and the Entitlement and Acceptance Form, the Entitlement and Acceptance Form prevails to the extent of the inconsistency.