



THE STAR

## ASX Announcement

28 May 2018

### INVESTOR DAY PRESENTATION & TRADING UPDATE

The Star Entertainment Group Limited (**The Star**) (ASX code: SGR) announces that it is holding an Investor Day for institutional investors in Brisbane and the Gold Coast, Queensland on 28 May 2018, commencing at 9:30am AEST.

Attached are the slides for the Investor Day presentations.

The Investor Day presentations provide:

- an overview of The Star's strategy; and
- overviews of development plans for the Queen's Wharf Brisbane project and The Star Gold Coast.

The Investor Day schedule also includes site tours of Queen's Wharf Brisbane and The Star Gold Coast.

An audio webcast of the Investor Day presentations will be made available on The Star's website at [www.starentertainmentgroup.com.au](http://www.starentertainmentgroup.com.au) following conclusion of the presentations.

### Trading Update

The Star's Trading Update for the period from 1 January 2018 to 23 May 2018 is on slide 28 of the attached presentation and is copied below for reference:

- Total Normalised Gross Revenue up 16.4% in 2H FY2018 to date vs pcp, with pleasing growth in Queensland and International VIP Rebate business.
- Solid domestic gaming volume growth has been impacted by lower table hold rates. Total Domestic Revenue up 2.6% in 2H FY2018 to date vs pcp (up 6.6% vs pcp at constant domestic table hold rates).
- International VIP Rebate business continues to show strong growth in 2H FY2018 to date vs pcp. Turnover is up 63.7% to date vs pcp, with actual win rate below theoretical win rate of 1.35%.

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THE STAR

ENTERTAINMENT  
GROUP

## THE STAR ENTERTAINMENT GROUP

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**INVESTOR DAY – GROUP STRATEGY AND QUEENSLAND**

MONDAY  
28 MAY  
2018

# THE STAR ENTERTAINMENT GROUP

## THE STAR ENTERTAINMENT GROUP LIMITED (ASX: SGR)

### **BASIS OF PREPARATION AND NON-IFRS INFORMATION**

- ◆ Information in this presentation is provided as at the date of the presentation unless specified otherwise. It should be read in conjunction with The Star Entertainment Group Limited's financial reports and other disclosures made via the Australian Securities Exchange
- ◆ The Star Entertainment Group results are reported under International Financial Reporting Standards (IFRS). This presentation may include certain non-IFRS measures including normalised results, which are used internally by management to assess the performance of the business
- ◆ Non-IFRS measures and current trading 2H FY2018 results to date have not been subject to audit or review
- ◆ Normalised results reflect the underlying performance of the business as they remove the inherent win rate volatility of the International VIP Rebate business. Normalised results are adjusted using an average win rate of 1.35% on actual turnover
- ◆ Normalised EBIT and Normalised EBITDA are calculated based on normalised gross revenue and normalised taxes. Significant items are excluded from the normalised results
- ◆ Queensland results referred to in this presentation relate to The Star Gold Coast and Treasury Brisbane segments as reported in the statutory accounts

### **DISCLAIMER**

- ◆ This presentation is prepared for information purposes only and does not take into consideration any individual investor's circumstances. The Star Entertainment Group recommends investors make their own assessments and seek independent professional advice before making investment decisions
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# THE STAR ENTERTAINMENT GROUP AGENDA

Location	Time	Topic	Presenter
Brisbane	9.00 – 9.30am	Registration	
		Welcome and Group Strategy	Matt Bekier – The Star Entertainment Group
	9.30 – 10.30am	Our Partnership with The Star	Patrick Tsang – Chow Tai Fook
		Q&A	
	10.30 – 11.00am	QWB Site Tour	
	11:00 – 11:30am	QWB Opportunity	Geoff Hogg – The Star Entertainment Group
		Q&A	
Gold Coast	1.00 – 1.45pm	Lunch (Garden Kitchen and Bar)	
	1.45 – 3.15pm	The Star Gold Coast Property Tour	
		The Gold Coast Opportunity	Geoff Hogg – The Star Entertainment Group
	3.15 – 3.45pm	Q&A	
	3.45 – 4.00pm	Summary and Close	Matt Bekier – The Star Entertainment Group



# **Investor Day: Group Strategy**

**T H E   S T A R**

**MATT BEKIER – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER**

# GROUP STRATEGY CONTENT

**GROUP OVERVIEW**

**OUR STRATEGY**

**OUTLOOK AND PRIORITIES**

# WHO WE ARE

## GROUP OVERVIEW

### TODAY

3

**Properties**  
(Sydney, Gold Coast, Brisbane)

1,382

**5 and 6 star hotel rooms and suites**

4,783

**Slots cap**

**Unlimited**

**Tables and MTGMs**

**Sheraton Grand Mirage Gold Coast (50% share),  
GCCEC (management rights)**

### PROJECTS UNDERWAY

**Queen's  
Wharf  
Brisbane**

**New integrated resort  
(~1,100 premium hotel rooms, >50  
F&B offerings, signature gaming)**

**The Star  
Gold Coast**

**First JV mixed use tower  
DA pending for 4 additional towers\***

**The Star  
Sydney**

**The Ritz-Carlton Tower in planning\***

### CUSTOMERS

**Domestic focus, international diversification**



**TREASURY CASINO &  
HOTEL BRISBANE**



**QUEEN'S WHARF  
BRISBANE**



**SHERATON GRAND  
MIRAGE GOLD COAST**



**THE STAR GOLD COAST**



**GOLD COAST  
CONVENTION AND  
EXHIBITION CENTRE**



**THE STAR SYDNEY**

\* Subject to market and regulatory conditions and all approvals.

# OUR KEY METRICS

## FINANCIALS AND FOOTPRINT

### FINANCIALS

\$5.2BN

**Total assets**

\$586M

**FY2017 Statutory EBITDA\***

40.5%

**Statutory EPS growth  
(5 year CAGR to FY2017)**

### FOOTPRINT

#### Employment

##### **Substantial employer**

- ◆ Over 9,000 team members (at April 2018)
- ◆ The Star Sydney is the largest private enterprise single site employer in NSW
- ◆ Over 5,000 new team members by 2023

#### Investments

##### **Substantial investments**

- ◆ Over \$4bn recently completed or underway\*\*

#### Sustainability

##### **Sustainability leader**

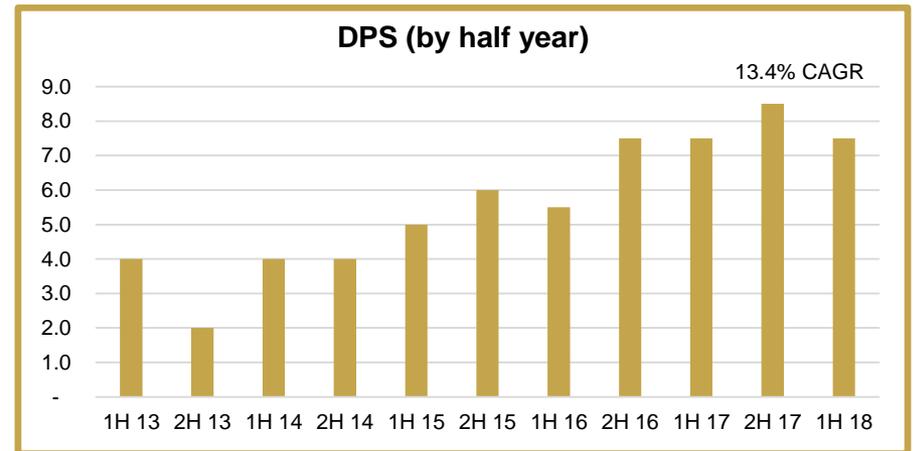
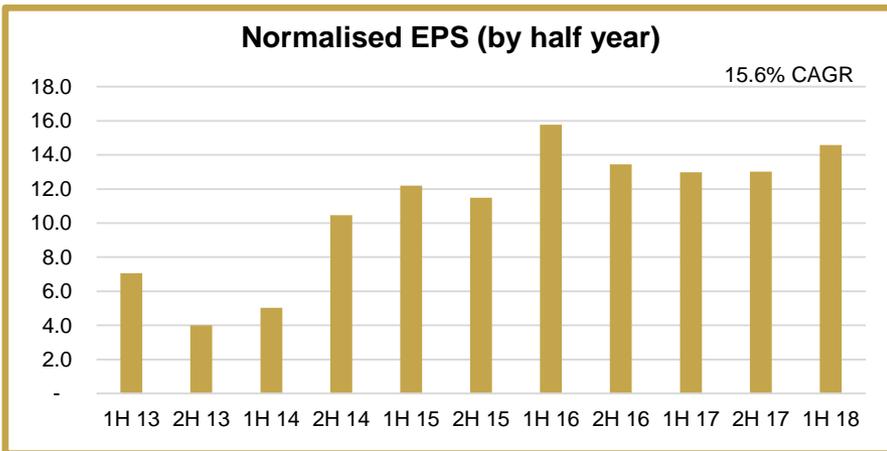
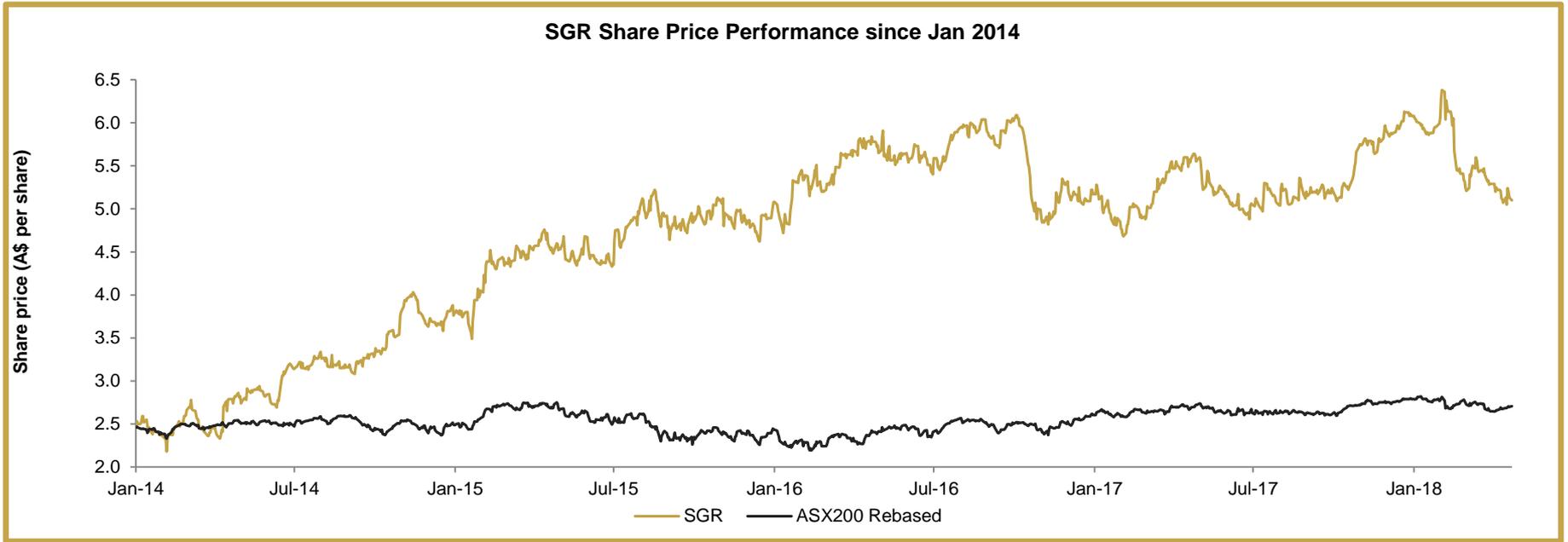
- ◆ #1 “Global Leader” casino and gaming industry ranking in Dow Jones Sustainability Index (2016 and 2017)

\* Includes significant items loss of \$12.8m.

\*\* Includes Queen’s Wharf Brisbane, The Darling and other investments at The Star Gold Coast, Sovereign Resorts upgrade and other investments at The Star Sydney.

# OUR PERFORMANCE

## SHARE PRICE, EARNINGS AND DIVIDENDS



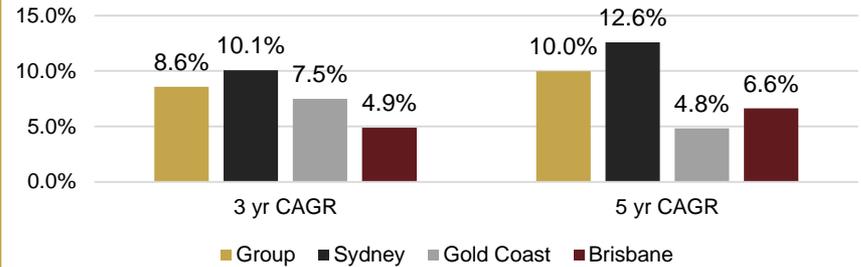
Source: Bloomberg. SGR historical normalised data adjusted for 1.35% win rate in International VIP Rebate business.

# OUR PERFORMANCE ABOVE SYSTEM REVENUE GROWTH

## Domestic Gaming

- Growth reflects Sydney investments, Gold Coast more recently

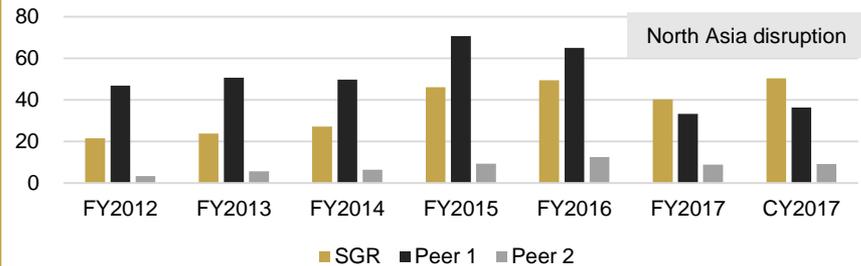
### Gaming Revenue Performance (FY12 to FY17)



## International VIP Rebate business

- Growth reflects investments and diversification strategy (South Asia and Premium Mass)
- FY2017 and CY2017 impacted by North Asia market disruption in late CY2016

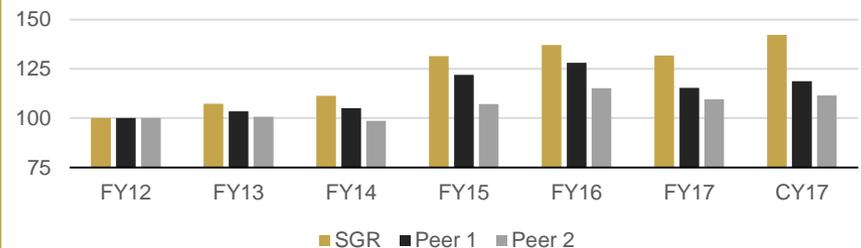
### International VIP Rebate Business Turnover (\$bn)



## Normalised Group Revenue

- Favourable performance relative to peers

### Normalised Group Revenue (Indexed, FY12=100)



Source: Company accounts. Historical SGR financials adjusted to 1.35% win rate in International VIP Rebate business.

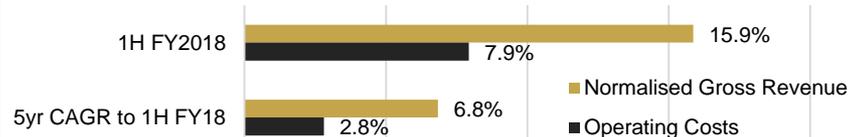
# OUR PERFORMANCE

## SOLID EXPENSE MANAGEMENT AND PROFITABILITY

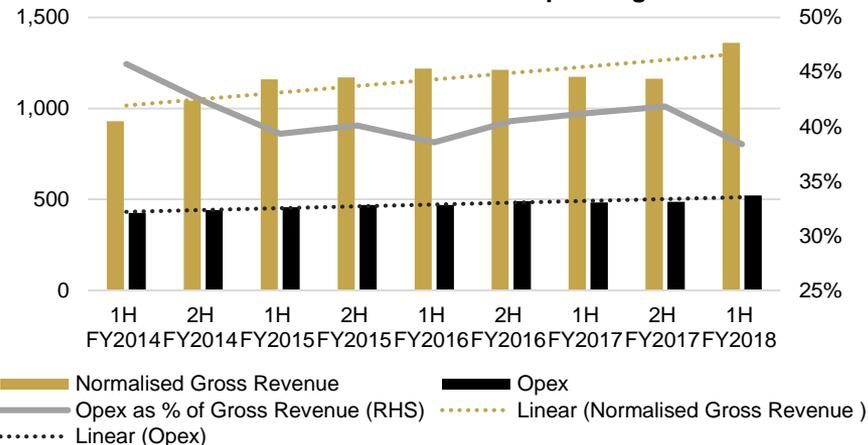
### Costs and Operating Efficiency

- ◆ Group operating costs grew 2.8% pa over 5 years to 1H FY2018 (normalised gross revenue grew 6.8%)
- ◆ Operating costs as share of normalised gross revenue has declined from 46% to 38% over 1H FY2014 to 1H FY2018

#### Revenue and Cost Growth (%)



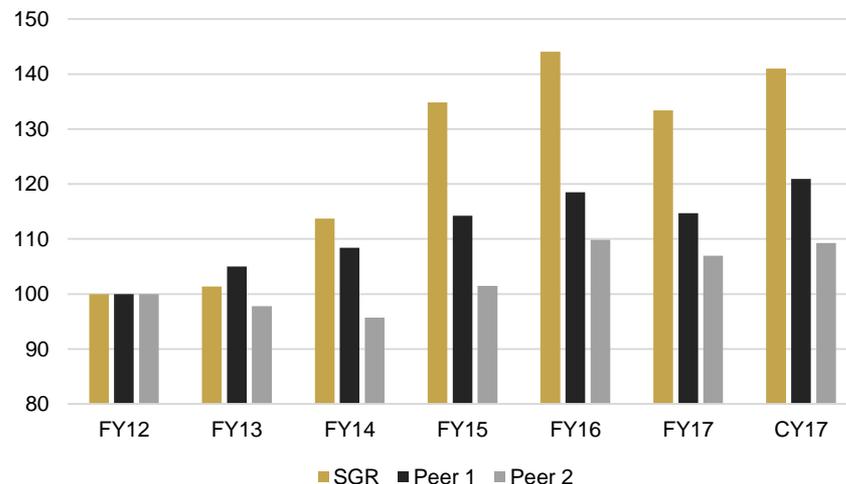
#### Normalised Gross Revenue and Operating Costs



### Group Normalised EBITDA

- ◆ Favourable earnings performance relative to industry peers

#### Normalised Group EBITDA (Indexed, FY12=100)



Source: Company accounts. Historical SGR financials adjusted to 1.35% win rate in International VIP Rebate business.

# OUR PERFORMANCE

## GOOD PROFITABILITY, DELIVERING ON INVESTMENTS

### The Star Sydney

\$870m

- ◆ Total capex for Project Star (completed early CY2013)
- ◆ Completed on time, on budget

19.1%

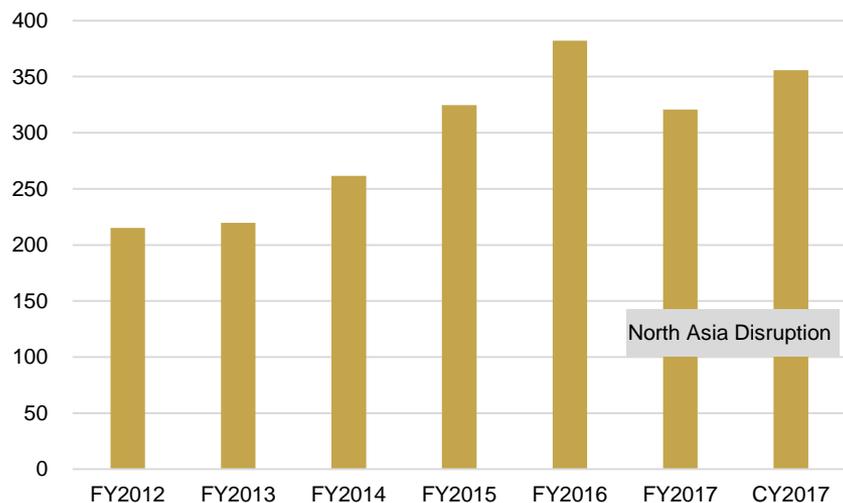
- ◆ ROIC from Project Star capital investment
- ◆ EBITDA increased from \$215m in FY2012 to \$382m in FY2016 \*

### The Star Gold Coast

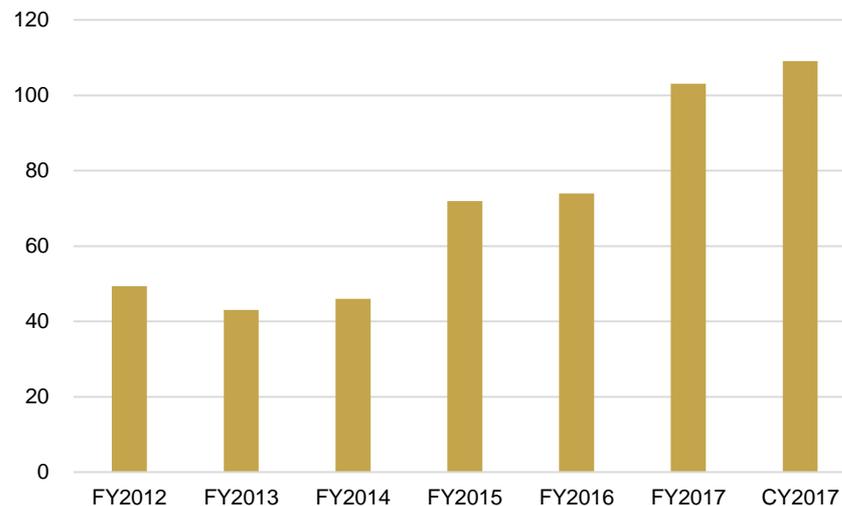
\$345m

- ◆ Total capex for The Darling, The Star Grand refurbishment, F&B upgrades (completed over CY2014 to early CY2018)
- ◆ Completed on time, on budget

The Star Sydney - 5 year EBITDA



The Star Gold Coast - 5 year normalised EBITDA



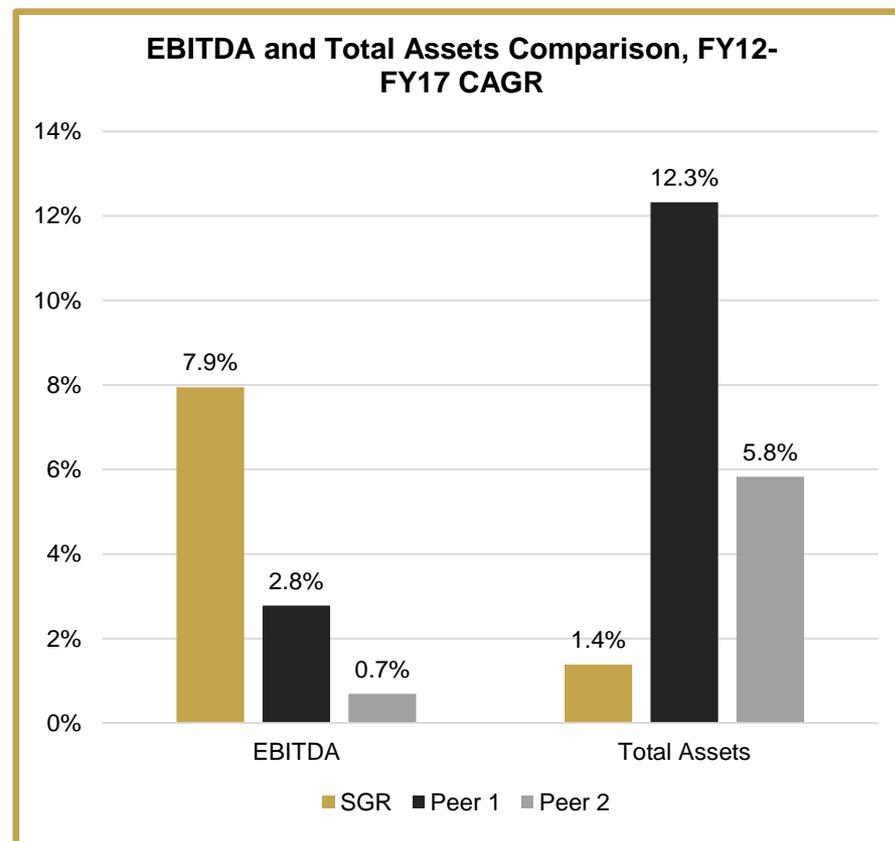
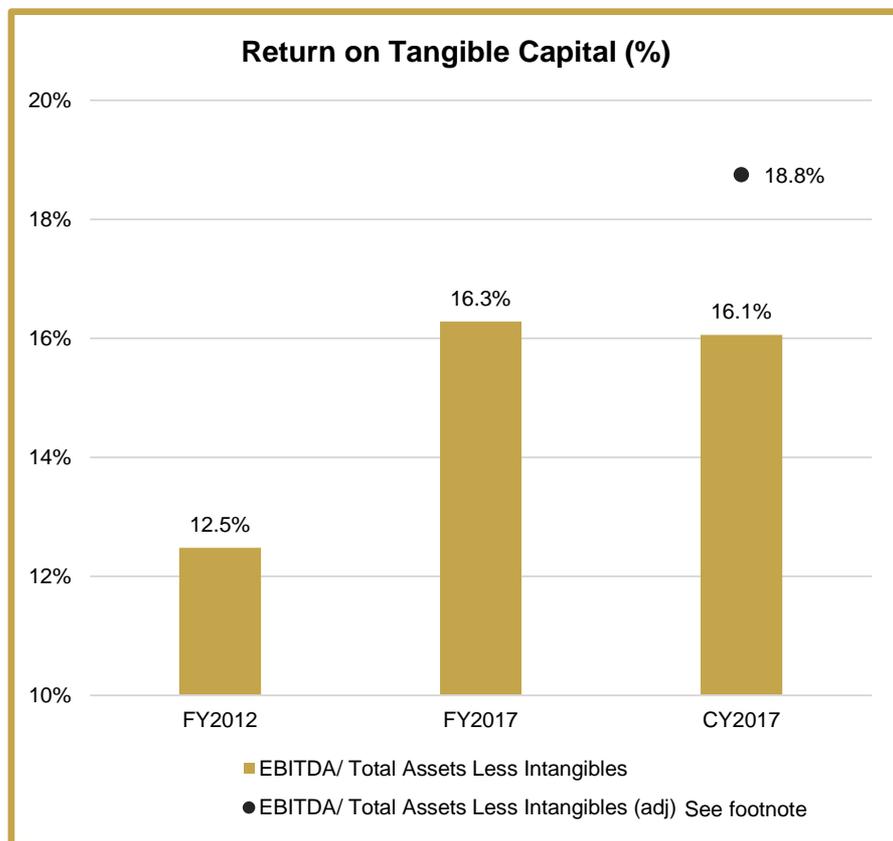
\* ROIC measured by EBITDA/ Project Star capex. Increase in The Star Sydney EBITDA from FY2012 to FY2016 (last full year with no disruption to North Asia market). Historical SGR financials adjusted to 1.35% win rate in International VIP Rebate business.

# OUR PERFORMANCE

## RETURN ON CAPITAL ABOVE SYSTEM

### Return on Capital

- ◆ Record of improving return on capital
- ◆ EBITDA grew 7.9% pa over FY2012 to FY2017, Total Assets by 1.4% pa
- ◆ EBITDA impacted by North Asia disruption (Oct 2016)
- ◆ Total assets includes investments not productive at balance date (CY2017 mainly QWB, The Darling Gold Coast)



Source: Company accounts, Bloomberg. Note: Tangible Assets adjusted by excluding investments made but not yet productive in the period (mainly QWB, The Darling Gold Coast). Historical SGR financials adjusted to 1.35% win rate in International VIP Rebate business.

# GROUP STRATEGY CONTENT

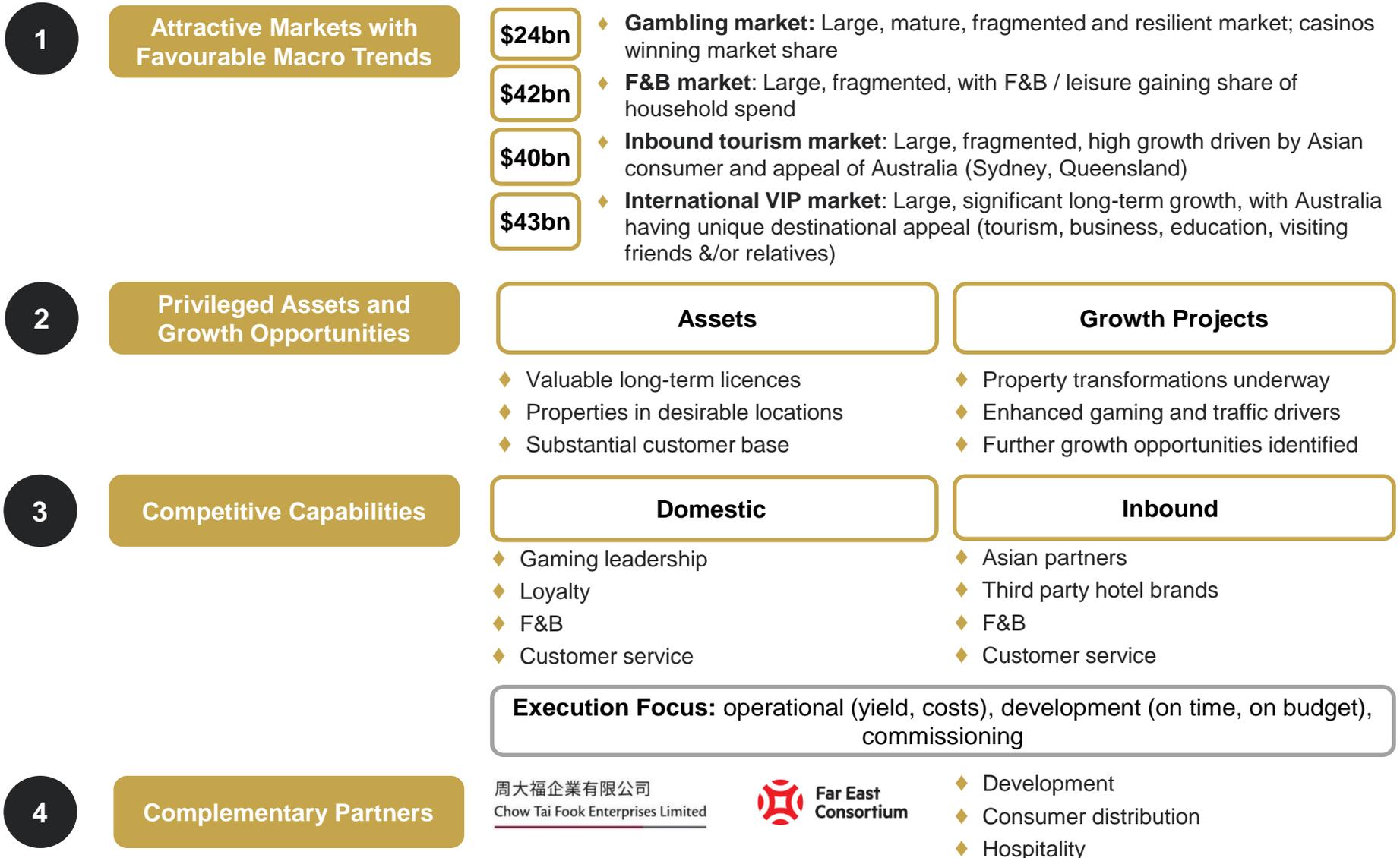
**GROUP OVERVIEW**

**OUR STRATEGY**

**OUTLOOK AND PRIORITIES**

# OUR STRATEGY

## KEY ELEMENTS ENABLE DE-RISKED EARNINGS GROWTH

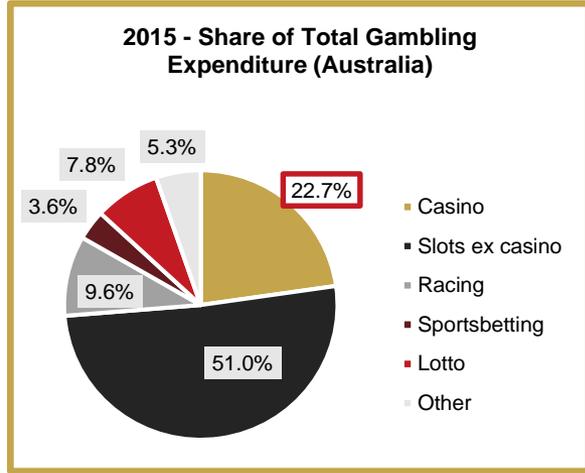


Source: Australian Gaming Statistics, Eating Out in Australia, Tourism Research Australia, DICJ Macau.

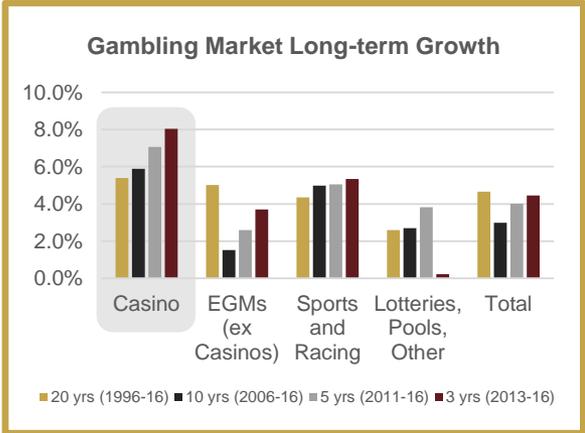
# 1 DOMESTIC GAMBLING MARKET\* LARGE AND FRAGMENTED

## \$24 bn Gambling Market

- ◆ Large, mature and fragmented
- ◆ Casinos winning share



## Steady Growth, Casinos Winning Share



Source: Australian Gaming Statistics. \* Excludes online.

# 1 INBOUND TOURISM LARGE, FRAGMENTED, HIGH GROWTH

\$40bn Market

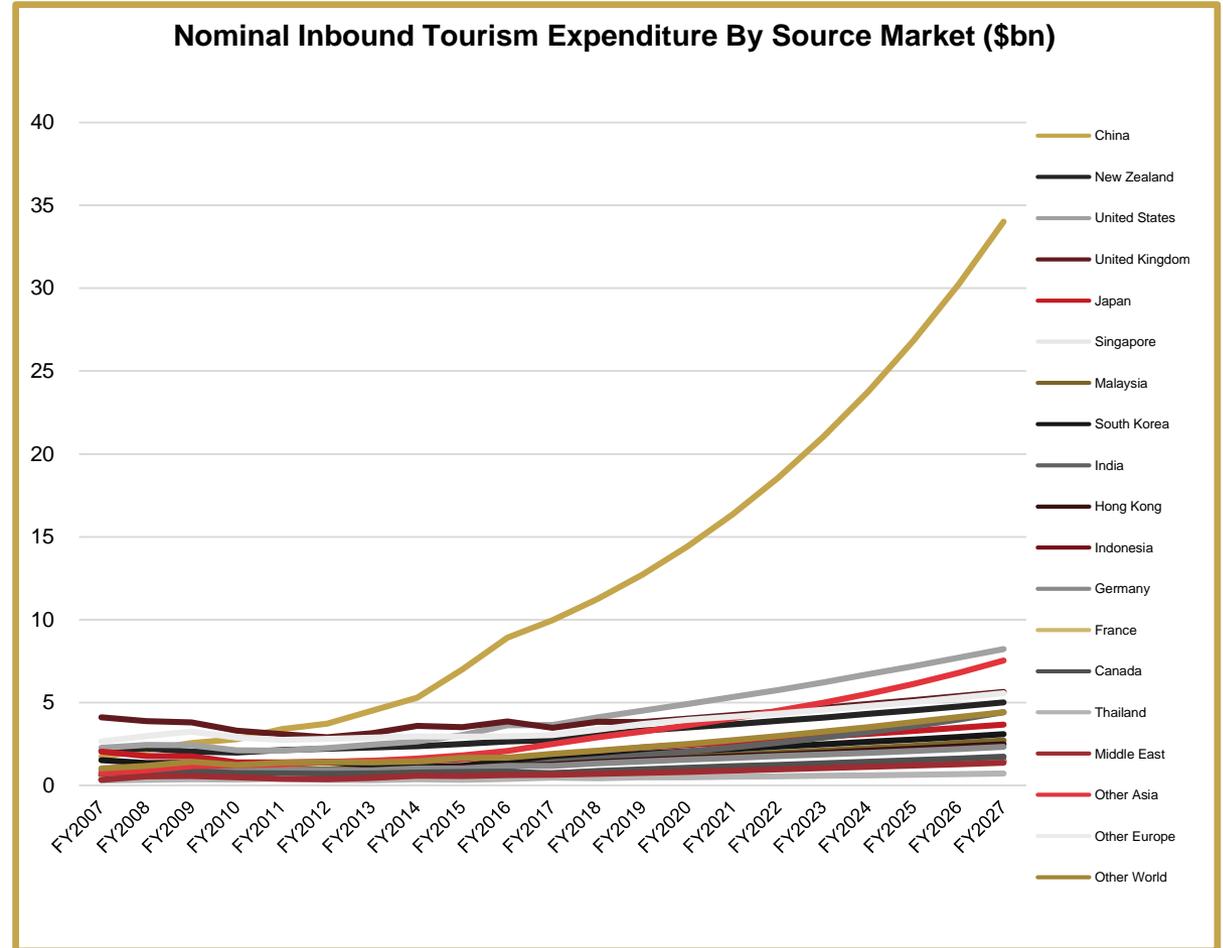
- ◆ Large, fragmented, 9.3% growth pa forecast (FY2017-27)
- ◆ Asian middle class thematic
- ◆ Australia high destination appeal (particularly Sydney and Queensland)

No.1

- ◆ Australia most sought after destination by Chinese visitors

No.1 and No.3

- ◆ Sydney and SEQ are Australia's #1 and #3 tourism markets by spend
- ◆ "Sydney" and "Gold Coast" destination brands

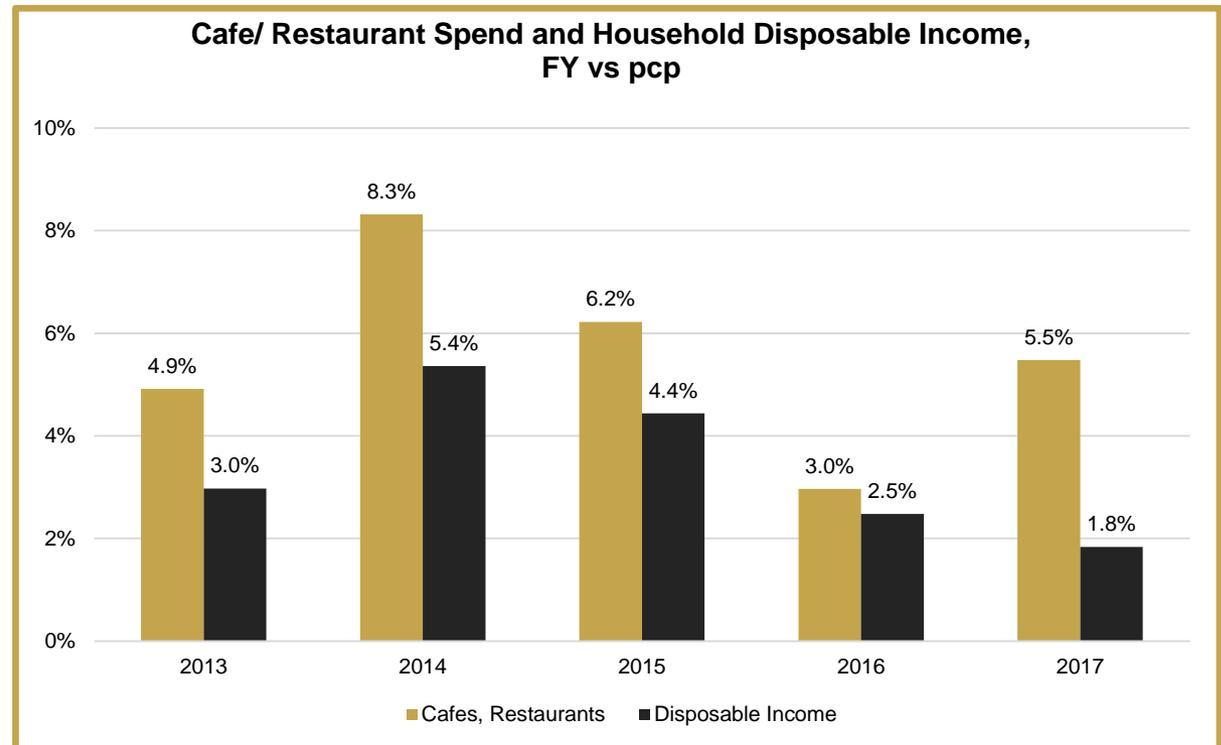


Source: Tourism Research Australia, Tourism Australia.

# 1 OUT OF HOME DINING TRAFFIC DRIVER, INCREASING SHARE OF CONSUMPTION

## Increasing Spend on Cafés and Restaurants

- ◆ Café and restaurant expenditure has been growing faster than disposable income
- ◆ 5 year CAGR of 5.6% for café and restaurant spend growth, and 3.4% for disposable incomes growth
- ◆ Trends support café and restaurant spend growth relevant to SGR
  - Australian spend on out of home dining relatively lower than other developed countries as share of GDP
  - Increasing Asian population share – Asian countries show higher propensity for out of home dining



Source: ABS, Statista, Eating Out in Australia, Wikipedia.

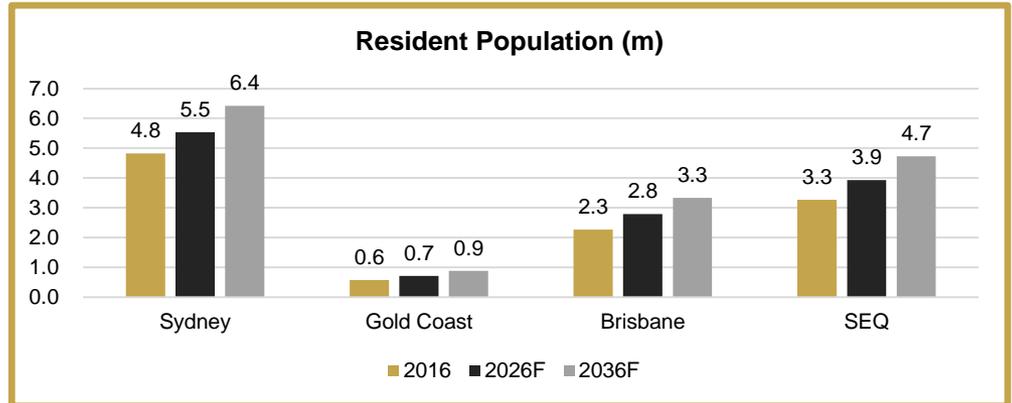
## 2 PRIVILEGED ASSETS VALUABLE LICENCES IN ATTRACTIVE DESTINATIONS

### Valuable Long-term Licences

- ◆ **Long-dated licences** – 2093 earliest licence expiry
- ◆ **Product differentiation vs pubs/ clubs**
  - Slots – no bet limits, except Sydney MGF
  - Tables – exclusive, unlimited
  - MTGMs – exclusive in Qld, pubs/ clubs capped in Sydney; unlimited

### Large Local Catchment Areas

- ◆ Over 8 million locals in catchment areas
- ◆ Over 11 million locals (~38% increase) by 2036



### Sought After Destinations, Network Effect

- ◆ **Sought after destinations**
  - Sydney #1 and SEQ #3 largest visitor markets (domestic and international)
  - International overnight visitor market growth of 6% pa
- ◆ **Network effect**
  - Sydney and SEQ “best of Australia in 5 days”

# 2 LONG-TERM DEVELOPMENT PIPELINE

## SUBSTANTIAL OPPORTUNITY FOR LONG-TERM GROWTH

### Property

### 2025 Target State

### Projects Underway/ In Planning \*



Expand property to:

- ◆ ~1,000 premium hotel rooms and residences (including The Ritz-Carlton)
- ◆ ~50 F&B offerings
- ◆ Signature gaming
- ◆ Lyric theatre
- ◆ Multi-use event centre

- ◆ \$220m upgrade to Sovereign Resorts – complete mid CY2020
- ◆ New \$500m The Ritz-Carlton tower – in planning
- ◆ Darling Harbour/ Pyrmont Metro West – in early stage planning



Expand property to:

- ◆ ~1,400 premium hotel rooms and residences
- ◆ Over 20 F&B offerings
- ◆ Signature gaming
- ◆ New resort facilities and retail outlets

- ◆ New \$400m hotel and residential JV tower – expected to commence construction mid CY2018
- ◆ DA pending for 4 additional towers – in early stage planning



New integrated resort with:

- ◆ ~1,100 premium hotel rooms over multiple brands
- ◆ Over 50 F&B offerings
- ◆ Signature gaming
- ◆ 12 football fields of public space
- ◆ Repurposed heritage buildings

- ◆ ~\$2.4bn integrated resort (SGR 50% share)\*\*
- ◆ 13 ha Brisbane CBD riverside site
- ◆ Progressive opening from 2H CY2022

Game changing investments which enhance network effect of properties

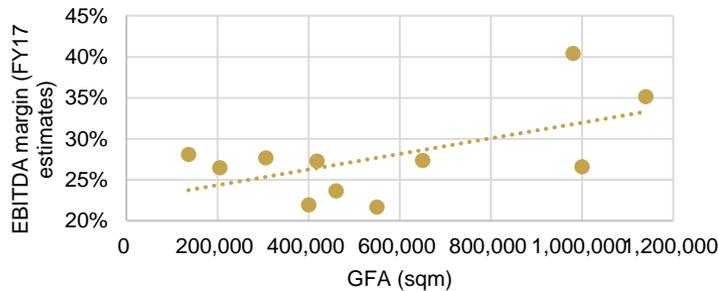
\* Subject to all relevant remaining approvals. \*\* Excludes \$213m Government payments and Brisbane Treasury repurposing costs. Compares to ~\$2.0bn announced on 16 November 2015 which includes \$213m Government payments, but excludes Brisbane Treasury repurposing costs.

## 2 BENEFITS OF INVESTMENTS IMPROVED EARNINGS FROM SCALE

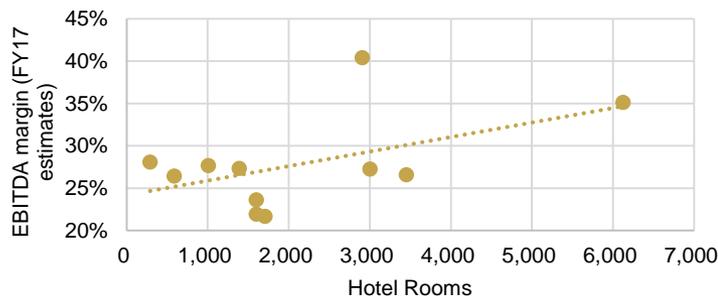
### Investments Drive Returns

- ◆ Investments in privileged assets drive visitation and earnings
- ◆ Macau experience – positive relationship between profitability and scale (GFA, hotel rooms)

Macau GFA vs EBITDA margins



Macau Hotel Rooms vs EBITDA margins



Source: Broker estimates.

- Signature gaming
- Premium hotel rooms
- F&B
- Retail (on site and proximate)

- Locals – high frequency, high recommendation
- Visitors/ International VIP  
Rebate business – low frequency, high spend

- Enhanced ROA and shareholder returns
- Supports further investment



# 3 CATEGORY LEADERSHIP LEVERAGE COMPETITIVE ADVANTAGES

## Competitive Advantages

### Property

- ◆ Property scale and scope, gaming and non-gaming
- ◆ Network effect of multiple properties

### Gaming Product

- ◆ Slots – 2-3x more slots than largest clubs, bet limit and jackpot advantages
- ◆ Tables – exclusivity; unlimited
- ◆ MGTMs – Qld exclusivity, NSW pubs/ clubs limited; unlimited

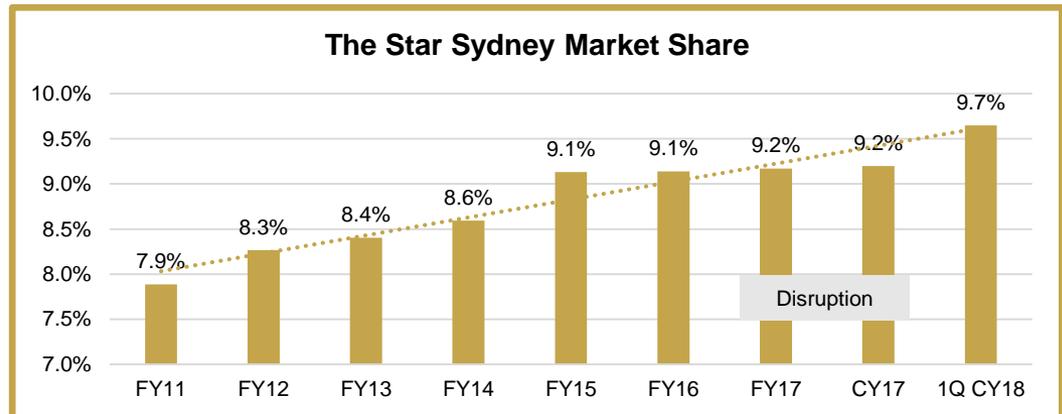
### Capability

- ◆ Loyalty
- ◆ Operational capability, systems
- ◆ Brand
- ◆ F&B
- ◆ Customer service
- ◆ Regulatory risk and compliance management

## Win Market Share

- ◆ The Star Sydney most developed property – long-term record of market share gains
- ◆ Market share gains through
  - Leverage of competitive advantage
  - Targeted investments
- ◆ FY17 impacted by disruption from capital works

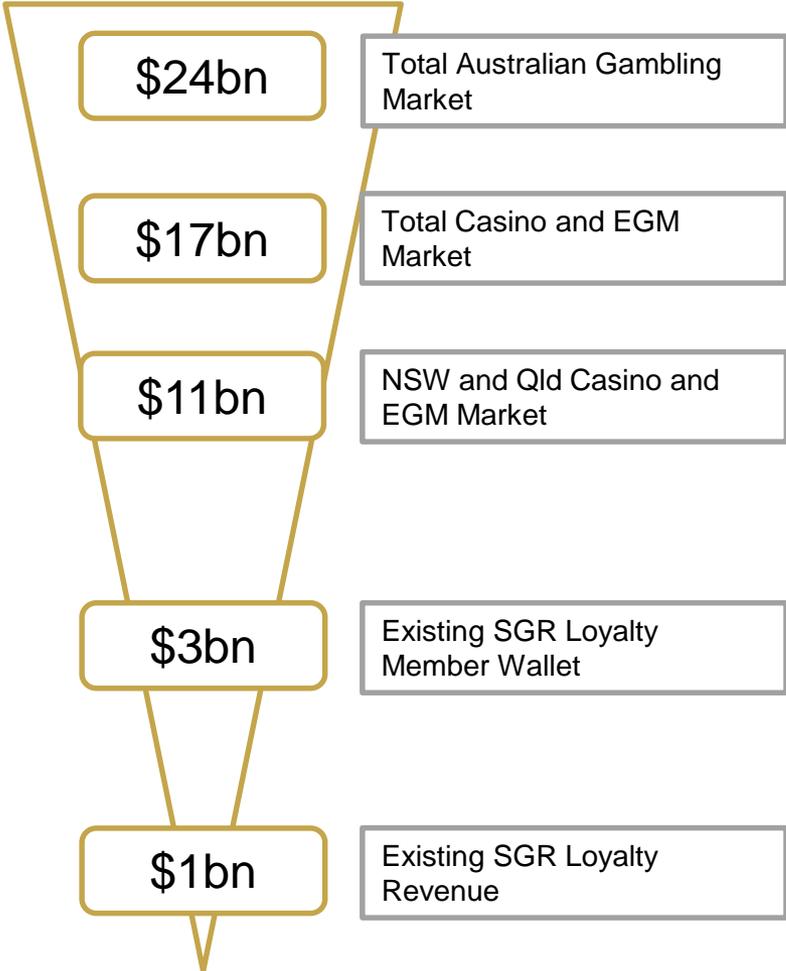
The Star Sydney Market Share



Source: Liquor and Gaming NSW and SGR financial data.

# 3 CATEGORY LEADERSHIP SUBSTANTIAL DOMESTIC/ LOYALTY OPPORTUNITY

## Market Sizing



## Opportunity

- 1 Priority: Increase share of spend from existing customers**
  - ◆ Current \$0.9bn revenue from ~240,000 active Loyalty members (~30% share of ~\$3bn wallet)
  - ◆ Up to ~50% overall share estimated potential (vs best practice programs)
  - ◆ Executing plan to deliver benefits over multiple years
- 2 Priority: Expand Loyalty customer base**
  - ◆ Priority segments
    - Lapsed members
    - Existing non-member players
    - Casual players
- 3 Priority: Increase margin**
  - ◆ Micro segmentation
  - ◆ Relative value of benefit components
  - ◆ Improve digital leverage

Source: Australian Gambling Statistics.

# 4 STRATEGIC PARTNERS COMPLEMENTARY CAPABILITIES

## Partner Complementary Capabilities

- ◆ Extensive Australian and global project development
- ◆ Substantial understanding of Asian high value consumer – Retail/ Distribution, Hospitality businesses
- ◆ Capital contributions

### Development

### Retail/ Distribution

### Hospitality

#### Chow Tai Fook Enterprises



- ◆ HK listed development and infrastructure conglomerate
- ◆ HK\$437bn asset value



- ◆ HK listed jewellery group, >2,300 point of sales



- ◆ Department stores and malls



- ◆ Multiple brand strategy
- ◆ 60 hotels in 20 countries



~6m loyalty members across CTF and NWD

#### Far East Consortium



- ◆ >\$2.8bn development projects completed in Australia



- ◆ “Asian Wallet” strategy
- ◆ Operations in China, HK, Singapore, Malaysia, United Kingdom and continental Europe

## 4 STRATEGIC PARTNERS ALIGNED INTERESTS

### Trusted Relationship

### Alignment of Strategic and Commercial Interests

### Proven Partnership

- ◆ Over \$3bn in planned investments over four years
- ◆ QWB, first JV tower at The Star Gold Coast, Sheraton Grand Mirage, The Ritz-Carlton Sydney in planning

### Development Alliance \*

- ◆ Commitment to progress growth projects
- ◆ Gold Coast – The Star Gold Coast masterplan, The Spit opportunities
- ◆ Sydney – Metro West opportunity, The Ritz-Carlton

### Marketing Alliance \*

- ◆ Leverage CTF and FEC's extensive Asian consumer knowledge and assets

### Equity Shareholding \*

- ◆ Current 9.99% shareholding by CTF/ FEC
- ◆ Seeking regulatory approval to increase to over 10%
- ◆ Minority protection provisions (including standstill, third party control voting, divestment restrictions)

\* Expanded joint venture partnership with CTF and FEC announced Thursday 29 March 2018.

# 4 STRATEGIC PARTNERS

## MARKETING ALLIANCE – INCREASED REACH

Significant Incremental Opportunity

Substantial Market

- ◆ 135m Chinese overseas trips in 2016, Australia market share <1%
- ◆ 5.5m Asia-Pacific high net worth\*, ~9% pa trend growth

Privileged Assets

>\$30m EBITDA

- ◆ CTF/ FEC strategy focused on Asian wallet
- ◆ 1% penetration of partner loyalty base, 2-3 night average length of stay, average spend per night for premium customers

Targeted Activities

Customer Segmentation

- ◆ International VIP Rebate business, Premium Mass
- ◆ Enhance existing approach

Awareness and Preference

- ◆ Enhance awareness through key selling points
- ◆ Campaigns which increase likelihood of SGR visitation through pre-qualified networks

Conversion

- ◆ Events/ “call to action” focused on calendar opportunities (e.g. shoulder periods)

Enhanced Demand Tension, Highest Value Customers Prioritised

Source: UNWTO, Cap Gemini. \* >US\$1m investible assets.

# DEVELOPMENT STRATEGY IN ACTION

## CAPITAL EFFICIENT AND ENHANCED GROWTH

Capital Efficient Model

Mixed Use  
Developments

- ◆ Drive visitation, length of stay, dwell time
- ◆ Optimise land value, development profits
- ◆ Attract development partners

Capital Partners

- ◆ Provide development expertise and capital
- ◆ Optimise partner choice – CTF and FEC

Worked Example: Gold Coast Joint Venture Tower 1 (complete CY2021)

Mixed-Use Approach Reduces Capital Required

Flow on Gaming EBITDA

Development  
Phase

- ◆ **~\$400m development cost**
  - ~\$250m residential apartments
  - ~\$150m hotel
- ◆ **Development funding**
  - ~60% loan to construction ratio
  - ~\$240m debt funded
  - ~\$160m equity funded

Sale of  
Residences

- ◆ **~\$300m proceeds**
  - Repay debt
- ◆ **~\$100m remaining development cost**
  - ~\$150m hotel construction value
  - ~\$90m debt funded at ~60% loan to construction ratio
  - Residual ~\$10m equity funded

~ Nil Capital  
After  
Residential  
Sales

Doubles  
Visitor Nights

- ◆ **>330,000 additional visitor nights**, equivalent to existing (The Star Grand)
- ◆ **~313** hotel rooms, further capacity from apartment leasing pool

Brands to  
Drive  
Visitation



- ◆ **First JV tower hotel branded “Dorsett” (FEC)**
- ◆ Strong brand awareness and preference amongst target customer base
- ◆ Complements existing hotel brand architecture of The Star Gold Coast (The Darling, The Star Grand)
- ◆ Further partnership with additional brands

# GROUP STRATEGY CONTENT

**GROUP OVERVIEW**

**OUR STRATEGY**

**OUTLOOK AND PRIORITIES**

# OUTLOOK AND PRIORITIES

## NEAR-TERM PRIORITIES AND TRADING UPDATE

### Near Term Priorities: Focused on Executing Established Long-term Strategy

#### 1. Improve earnings across the Group

- Yield assets through gains in customer engagement, operating efficiency, marketing
- Differentiate customer value proposition at each property – brand, loyalty, customer service, F&B and tourism
- Continue diversification of the Group's international revenue base from International VIP Rebate business and Premium Mass
- Sustain domestic growth through capital development program
- Efficient commissioning and monetising of investments

#### 2. Deliver on the next stage of the capital program

- **Sydney** – progress Sovereign Resort upgrade and manage customer impact, and lobby and Porte Cochere redevelopment
- **Queen's Wharf Brisbane** – complete demolition, commence excavation and finalise design plans
- **Progress JV developments** – with CTF and FEC in Sydney (The Ritz-Carlton Hotel) and the Gold Coast (first joint venture tower, masterplan)

#### 3. Commercialisation of expanded joint venture

- Marketing Alliance

### Trading Update: 1 Jan to 23 May 2018

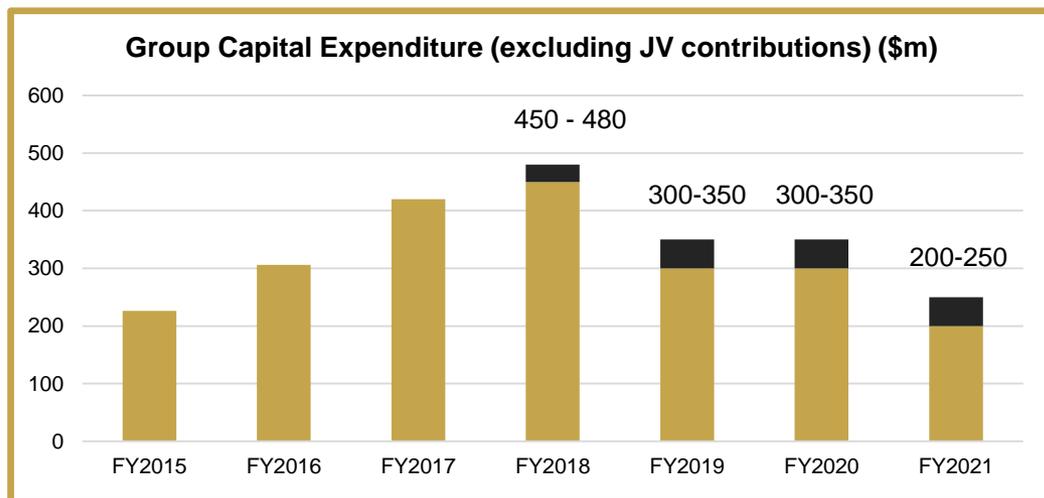
- ◆ Total Normalised Gross Revenue up 16.4% in 2H FY2018 to date vs pcp, with pleasing growth in Queensland and International VIP Rebate business
- ◆ Solid domestic gaming volume growth has been impacted by lower table hold rates. Total Domestic Revenue up 2.6% in 2H FY2018 to date vs pcp (up 6.6% vs pcp at constant domestic table hold rates)
- ◆ International VIP Rebate business continues to show strong growth in 2H FY2018 to date vs pcp. Turnover is up 63.7% to date vs pcp, with actual win rate below theoretical win rate of 1.35%

# OUTLOOK AND PRIORITIES

## CAPITAL EXPENDITURE AND FUNDING

### Capital Expenditure Expectations

- ◆ FY2018 capital expenditure of \$450-480m expected as projects progress. In addition, SGR will contribute ~\$100m to QWB
- ◆ Capital expenditure excluding contributions to JV projects is expected to decline from FY2018 levels over the next three years
- ◆ Contributions to JV projects are expected to be \$100-125m in FY2019, \$200-250m in FY2020, and \$150-200m in FY2021 \*
- ◆ Actual capital expenditure and JV contributions will depend on a range of factors, including development progress and contract pricing



### Balance Sheet Supports Planned Investments

- ◆ 1.2x Net Debt/ Actual 12 month trailing EBITDA at 31 December 2017 on pro-forma basis following completion of \$490m equity placement to CTF and FEC

\* QWB equity contributions largely conclude FY2020. FY2021 equity contributions mostly comprise Gold Coast and Sydney.

# SYDNEY SOVEREIGN RESORTS UPGRADE AND REPOSITION

## Overview

### Investing behind success

- ◆ Revenue 23.5% 4 year CAGR (CY2013 to CY2017)

### Project overview

- ◆ Expansion and upgrade of Sovereign proposition (gaming and F&B)
- ◆ ~\$220m capex
- ◆ Close existing Sovereign Room, activate temporary high quality offering, open Sovereign Resort mid CY2020

## Upgraded and Enlarged Sovereign Resorts

~60%\* Increase in total GFA

~30%\* Increase in Gaming Machines

~50%\* Increase in Table Games

>100%\* Increase in MTGMs



\* Sovereign Resorts only.

# SYDNEY SOVEREIGN RESORTS

## PRODUCT: GAMING CAPACITY MAINTAINED DURING UPGRADE

### Gaming Positions and Benefits Maintained

#### Tables

Table positions maintained

#### EGMs

Gaming Machine unit numbers maintained

#### MTGMs

MTGM positions maintained

#### F&B, Benefits

Loyalty tier status recognised property-wide  
F&B amenity uplift

### Quality Interim Facilities

- ◆ Design and amenity upgrade to current Vantage Room and adjacent Latitude Bar to accommodate interim Sovereign Room
- ◆ Chairman's (Diamond tier) room and new restaurant developed on L2 adjacent to temporary Sovereign Room
- ◆ Complete August 2018



Temporary reception lobby. Concept image only

# SYDNEY SOVEREIGN RESORTS

## CUSTOMER: ENGAGEMENT TO MITIGATE DISRUPTION

1

Customer Preferences Informed Development Plans

- ◆ Overwhelming response for relocation during refurbishment based on extensive survey and direct member interaction
- ◆ Continuous engagement – benefits and timing of upgrade, and how it may impact customers

2

Enhanced Customer Recognition

- ◆ Enhanced customer recognition and campaigns

Customer Recognition	Customer Proposition	Customer Value
<ul style="list-style-type: none"> <li>• Benefits follow customer</li> <li>• Enhanced F&amp;B offer</li> <li>• Elevated personalised service</li> </ul>	<ul style="list-style-type: none"> <li>• Upweight events calendar</li> <li>• Enhance differentiated service</li> <li>• Leverage network of upgraded assets (Sydney, Gold Coast)</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced campaigns/promotions</li> <li>• Exclusive offers, VIP events</li> </ul>

3

Comprehensive Customer Communications Strategy Throughout Process

- ◆ Inform/ Engage/ Excite strategy

Inform (1H CY2018)	Engage (2Q-4Q CY2018)	Excite (4Q CY2018 and on)
<ul style="list-style-type: none"> <li>• Emphasise benefits</li> <li>• Increased host engagement</li> <li>• Engage customers on transformation journey</li> <li>• Launch new signature F&amp;B dishes</li> <li>• Launch new Vantage Room</li> </ul>	<ul style="list-style-type: none"> <li>• Comprehensive high tier engagement across multiple channels</li> <li>• Recognise and reward customers with refreshed value proposition to celebrate room movements</li> <li>• “Hand holding” and in-room concierge engagement</li> </ul>	<ul style="list-style-type: none"> <li>• Reinforce recognition and value with members via upweighted VIP campaigns, events</li> <li>• Build emotional equity about future at The Star</li> <li>• Multiple campaigns around transformation</li> </ul>



# **Investor Day: Queen's Wharf Brisbane**

**T H E   S T A R**

**GEOFF HOGG – MANAGING DIRECTOR, QUEENSLAND**

# QUEEN'S WHARF BRISBANE CONTENT

**EXECUTIVE SUMMARY**

**INVESTMENT HIGHLIGHTS**

**IRD OVERVIEW**

**PROJECT UPDATE**

# EXECUTIVE SUMMARY

## KEY MESSAGES

1

### Substantial Earnings Opportunity

- ◆ Favourable market and property-specific drivers
- ◆ Market drivers
  - Under-penetrated gaming market
  - Strong demographic trends
  - Substantial tourism opportunity
- ◆ Property drivers
  - Unrivalled CBD/ riverside location
  - Attractive licence terms
  - Scale and scope benchmarked to industry leaders

2

### Earnings Opportunity Enhanced with Enlarged Scale and Scope

- ◆ Earnings increased by enlarged integrated resort GFA enabled by DA received December 2017
- ◆ Larger footprint for gaming areas, non-gaming attractions, and long-term growth
- ◆ Targeting ~\$2.4bn total project costs\* (~\$1.2bn for SGR 50% share)

3

### Development Progressing to Plan

- ◆ Demolition completed, excavation underway
- ◆ Resort on track to commence opening 2H CY2022

\* QWB project costs excluding Government payments and Treasury Brisbane repurposing costs.

# EXECUTIVE SUMMARY

## INVESTMENT HIGHLIGHTS

### Market Drivers

- 1 Brisbane an under-penetrated gaming market**
  - ◆ Slot and table spend up to 50% below Australian peers
- 2 Favourable demographic trends**
  - ◆ Large local catchment – 2.3m, 2% pa growth
  - ◆ Attractive population mix – 7.4% Asian, up 28% over 2011-16
  - ◆ High incomes – similar to Melbourne with lower housing costs
- 3 Substantial tourism opportunity in Brisbane**
  - ◆ Largest domestic overnight visitor market
  - ◆ International overnight visitor market 6.2% CAGR growth to 2027
  - ◆ Brisbane Airport passenger movements up 230% by 2030

### Property Specific Drivers

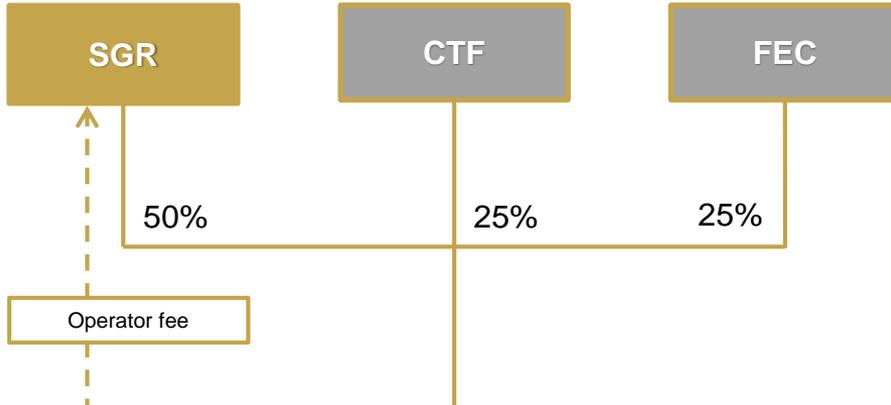
- 4 Unrivalled size and location**
  - ◆ 13 ha CBD riverside site
  - ◆ Significant transportation access (public, private)
  - ◆ Supports non-gaming asset utilisation and margins
- 5 Licence terms support investment and returns**
  - ◆ Attractive allocation of gaming positions – 2,500 slots, unlimited tables and MTGMs
  - ◆ Attractive fiscal regime
  - ◆ 99 year licence with 25 year exclusivity
- 6 Scale and scope benchmarked to peers**
  - ◆ Signature gaming benchmarked with regional peers
  - ◆ Breadth and depth of non-gaming (retail, F&B) positions precinct as Brisbane's premier entertainment precinct

**Substantial Long-term Earnings Growth**

# EXECUTIVE SUMMARY

## QUEEN'S WHARF BRISBANE ON A PAGE

### Structure



### Key Aspects

#### Overview

- ◆ Targeting ~\$2.4bn project costs\*, on time to date
- ◆ Commence opening 2H CY2022

#### Partner Contributions

- ◆ Capital contribution – SGR 50%, CTF/ FEC 50%
- ◆ Earnings – SGR ~60% of property EBITDA
  - SGR operator fee
  - CTF/ FEC International VIP Rebate business referral fee

**13 ha site**

~15% of Brisbane CBD

**2,500 slots**

~1.5x Treasury positions

**>250 tables**

> 2.5x Treasury, capacity for 400

**>350 MTGMs**

> 3.0x Treasury, capacity for 800

**1,100 hotel rooms**

10x Treasury, similar to regional peers

**>50 F&B outlets**

5x Treasury, similar to regional peers

**~6,500 sqm retail GFA**

Substantial owned and third party footprint

**>2,000 carparks**

4x Treasury

\* QWB project costs excluding Government payments and Treasury Brisbane repurposing costs.

# QUEEN'S WHARF BRISBANE

## CONTENT

**EXECUTIVE SUMMARY**

**INVESTMENT HIGHLIGHTS**

**RESORT OVERVIEW**

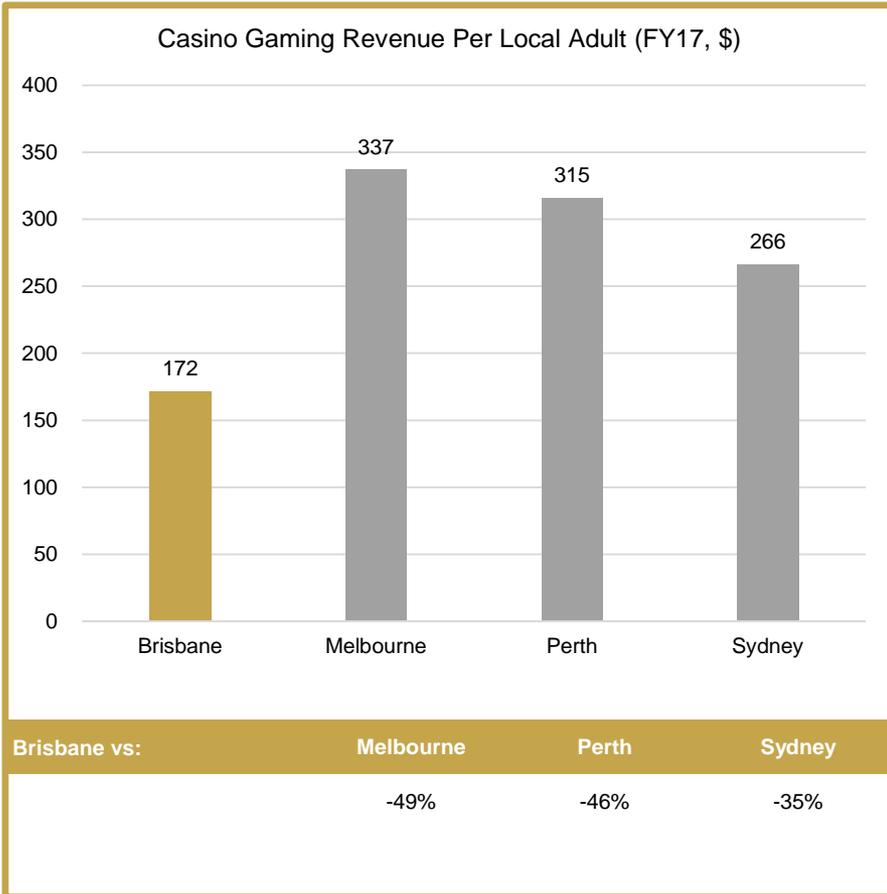
**PROJECT UPDATE**

# 1 BRISBANE AN UNDER-PENETRATED GAMING MARKET

## SUBSTANTIAL UNDER-PENETRATION

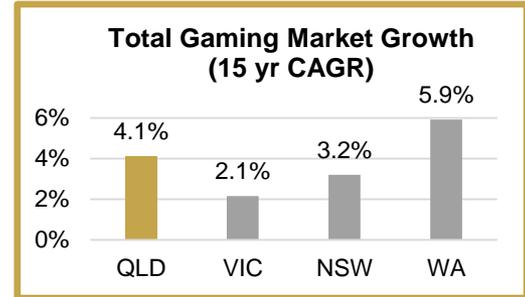
### Casino Gaming Revenue Per Capita

- Brisbane casino gaming revenue per capita is up to ~50% below other large Australian cities

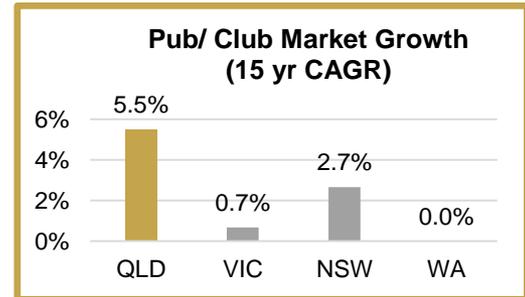


### Queensland Casino Gaming Growth vs Market

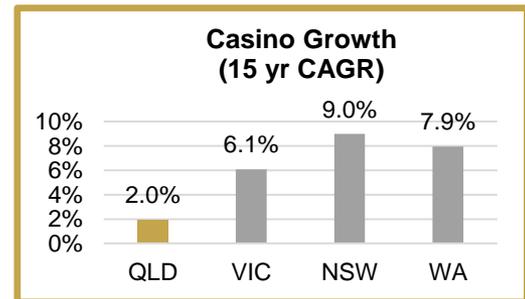
- Queensland gaming revenue performed well vs major states



- Queensland pub and club operators have outperformed peers in other states



- Queensland casinos have underperformed peers in other states



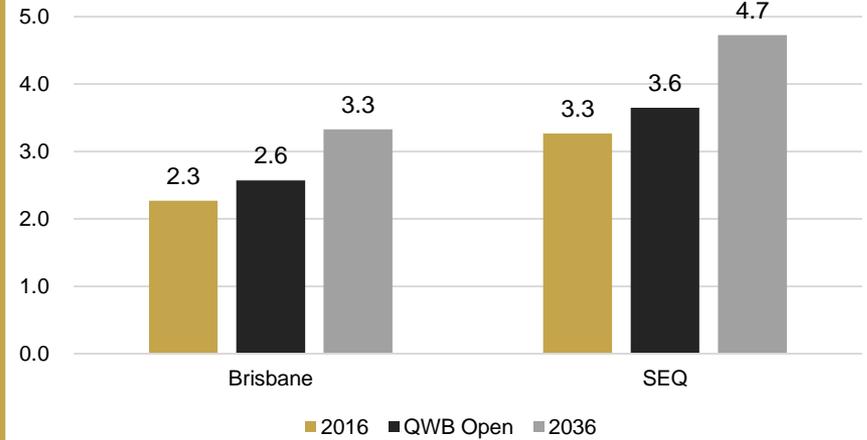
Source: Australian Gambling Statistics, ABS, Company annual reports.

## 2 FAVOURABLE DEMOGRAPHIC TRENDS LARGE AND GROWING LOCAL CATCHMENT

### Large and Growing Local Catchment

- ◆ 2.6m locals by QWB opening, 3.3m in SEQ
- ◆ Almost 5m in SEQ by 2036

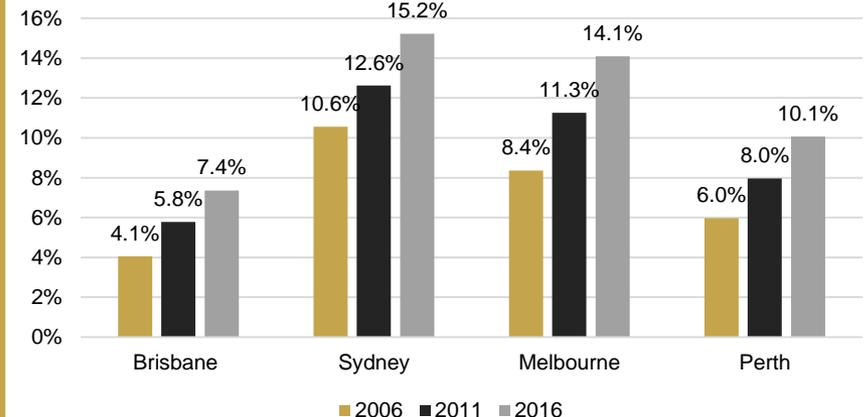
QWB Local Catchment Population (m)



### Increasingly Attractive Catchment Mix

- ◆ Asian born 7.4% in 2016, up from 5.8% in 2011
- ◆ Brisbane's Asian born share in 2016 is similar to Melbourne's 8.4% in 2006

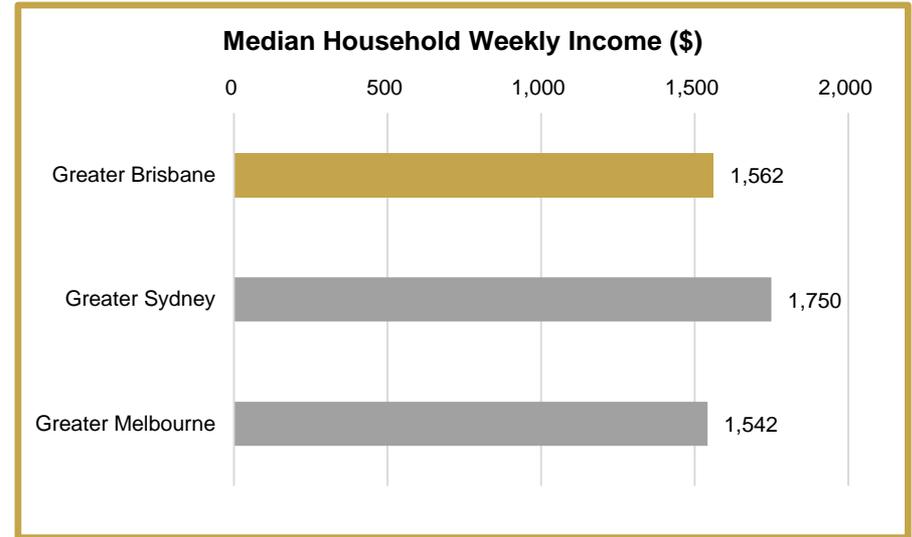
Historic Asian Born Share of Population (2006-16)



## 2 FAVOURABLE DEMOGRAPHIC TRENDS RELATIVELY WEALTHY LOCALS

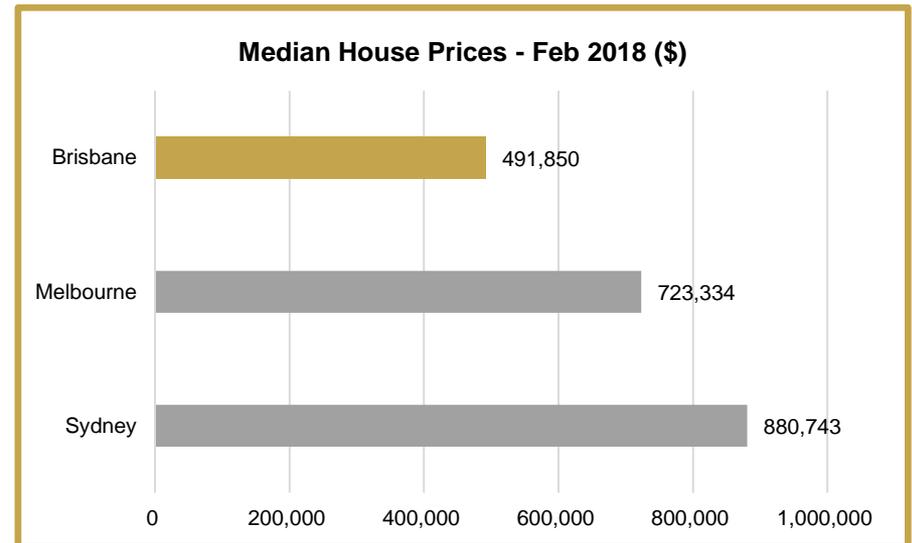
### Incomes Comparable to Sydney and Melbourne

- ◆ Household incomes similar to Melbourne



### Lower House Prices than Sydney and Melbourne

- ◆ Brisbane median house prices are 30-40% below Sydney and Melbourne
- ◆ Similar incomes and lower housing prices supportive of potential for discretionary entertainment spend



Source: ABS, Core Logic.

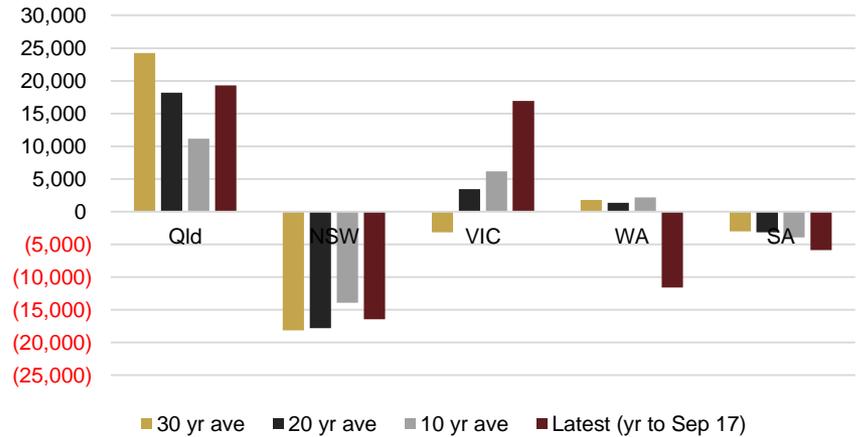
## 2 FAVOURABLE DEMOGRAPHIC TRENDS

# INTERSTATE MIGRATION AND JOBS GROWTH

### Queensland Attracts Highest Level of Interstate Migration

- ◆ Interstate migration volumes into Queensland is the largest of any state, returning to historic levels
- ◆ Current annual interstate migration volumes (year to Sept 2017) almost double 10 year average
- ◆ Reflects improving employment opportunities and lower cost housing relative to Sydney and Melbourne

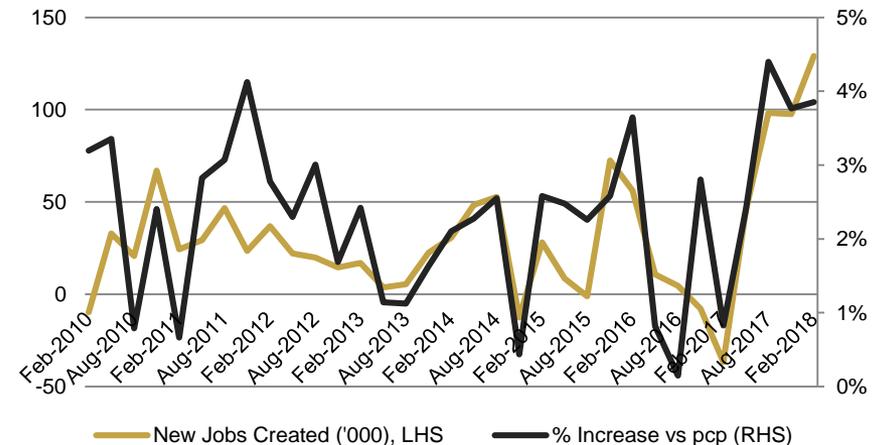
Interstate Migration (rolling 4 quarters)



### Jobs Growth Rate ~2x Population Growth

- ◆ Highest number of total jobs created this decade in year to Feb 2018
- ◆ Total job creation trending at ~4% growth per annum, approximately twice underlying population growth of ~2% per annum

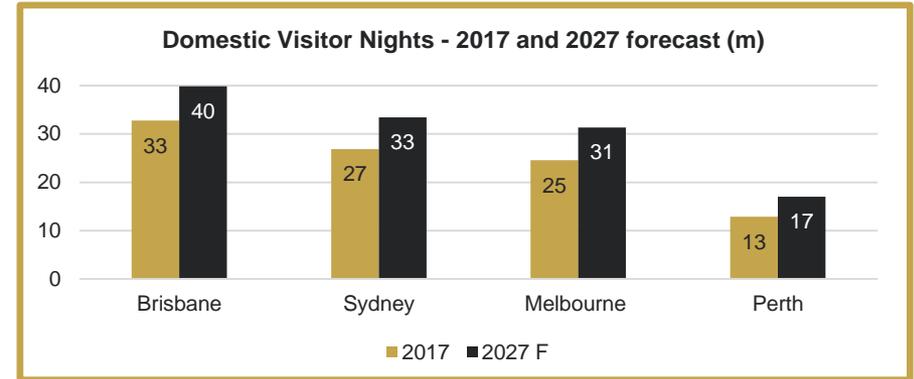
Queensland Employment Creation



# 3 SUBSTANTIAL TOURISM OPPORTUNITY VISITATION AND AIRPORT GROWTH

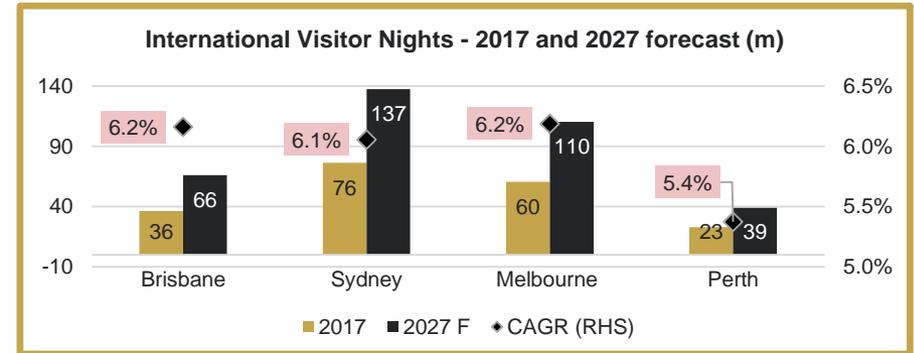
## Largest Domestic Overnight Visitation Market

- ◆ Largest domestic visitor overnight market – most from Sydney, Melbourne, regional Qld and regional NSW
- ◆ ~80% are leisure (holiday and visiting friends &/or relatives), higher than other large cities
- ◆ Brisbane forecast to retain leading position, with 2% pa growth to 2027



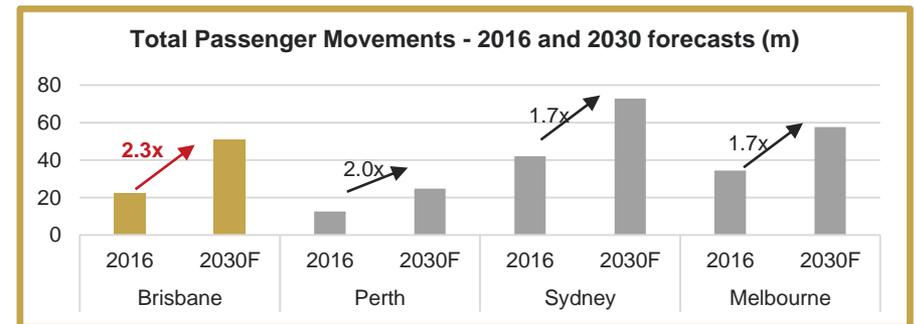
## High Growth International Visitation market

- ◆ Third largest international overnight visitor market - ~24% from China, HK and Taiwan
- ◆ ~58% leisure (holiday and visiting friends &/or relatives), higher than other large cities
- ◆ Long term international overnight visitation growth of 6.2% similar to Melbourne, higher than Sydney or Perth



## Australia's Fastest Growing Major Airport

- ◆ Brisbane Airport 15% share, SEQ 19% share (Sydney 27%, Melbourne 22%, Perth 8%)
- ◆ Significant increase in airport movements enabled by airport expansion
- ◆ No curfew at Brisbane Airport



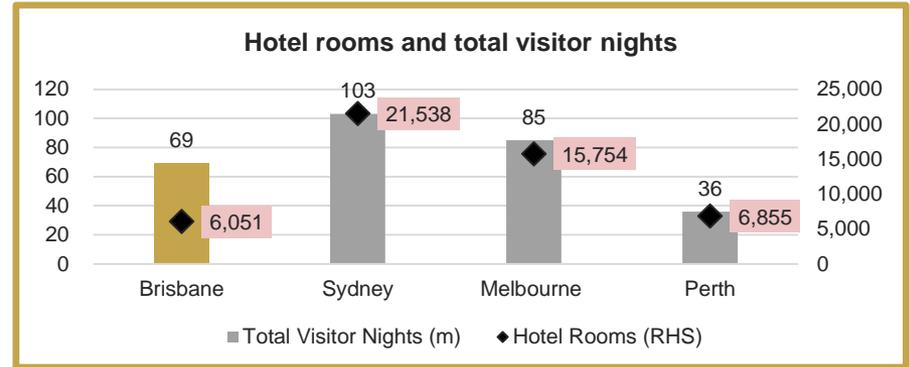
Source: TRA, BITRE, Australian Government DIRDC.

# 3 SUBSTANTIAL TOURISM OPPORTUNITY

## BRISBANE UNDERWEIGHT LUXURY HOTELS, RETAIL

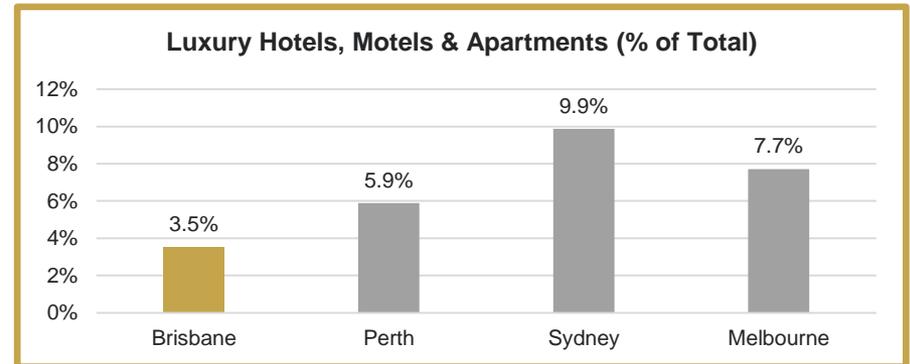
### Relatively Few Hotel Rooms

- ◆ Brisbane has fewer hotel rooms than Perth, but almost twice as much domestic and international overnight demand



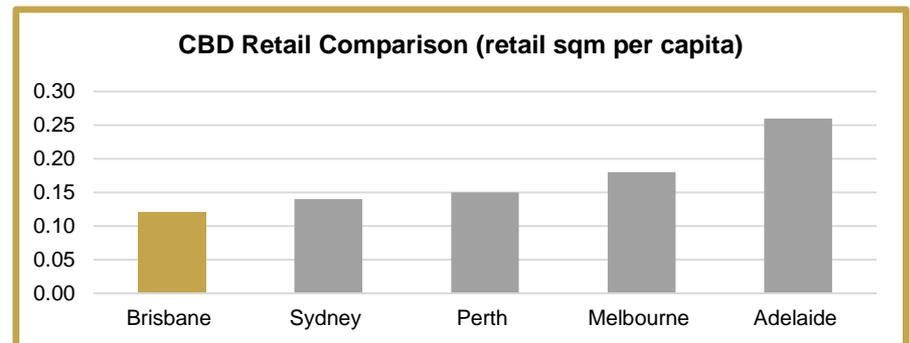
### Brisbane Underweight Luxury Accommodation

- ◆ Only 3.5% of Brisbane's commercial visitor accommodation is luxury, well below peers
- ◆ Options within luxury segment currently limited



### Underweight Retail, Limited Night Entertainment

- ◆ Retail sqm per capita below other major markets
- ◆ Rental yields high – particularly in Queen Street Mall
- ◆ Limited night time entertainment options



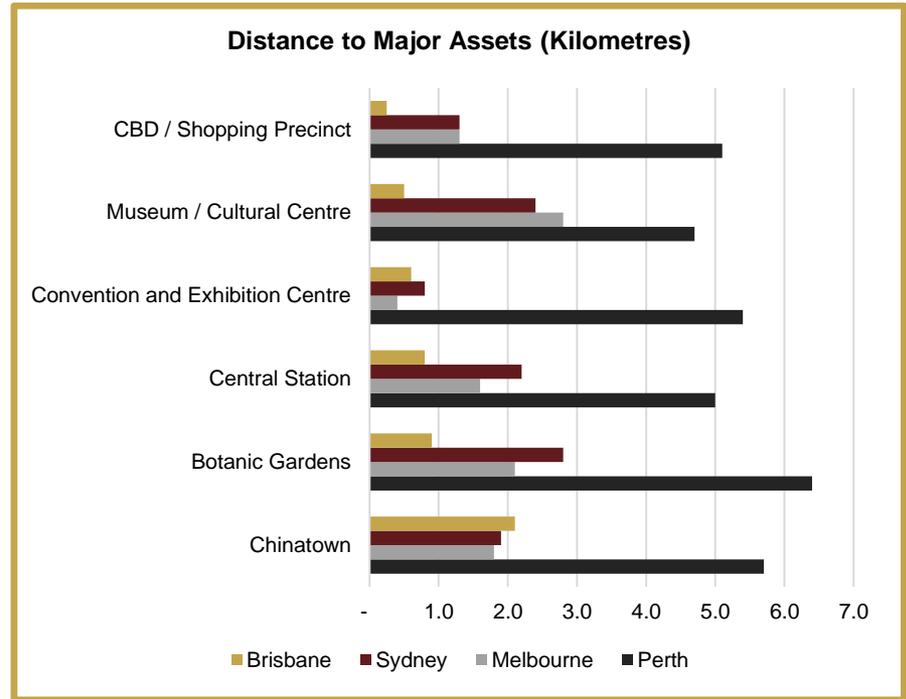
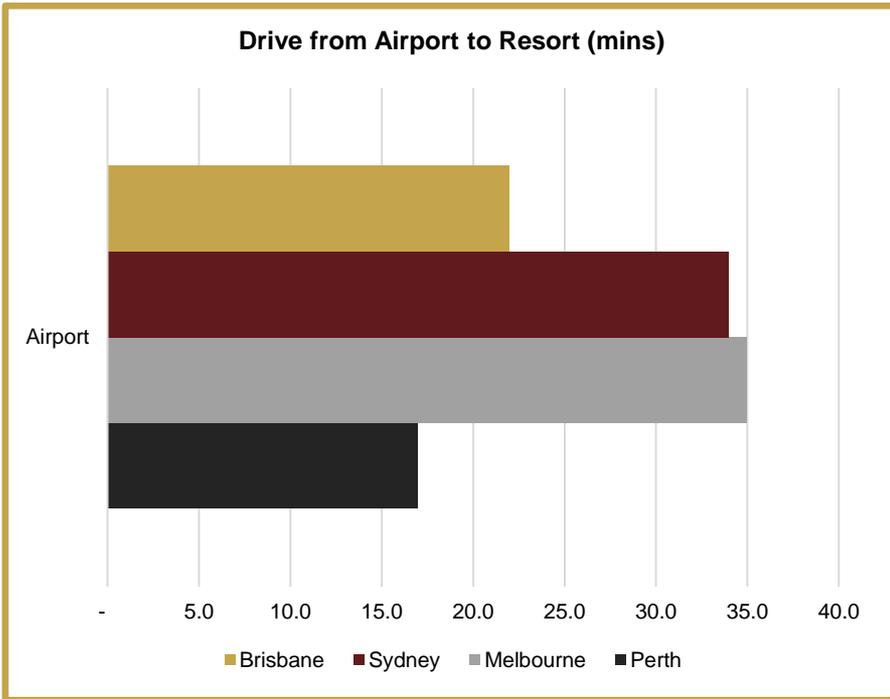
# 4 UNRIVALLED PROPERTY SIZE AND POSITION

## 13 HA CBD LOCATION, GOOD TRANSPORT ACCESS, PROXIMATE TO TRAFFIC DRIVERS

Substantial High Value Location

Unparalleled Access to Transport and Attraction Drivers

- ◆ 13 ha of prime riverside CBD location
- ◆ 20-25 mins from Brisbane International Airport
- ◆ Unparalleled local public and private transportation access (motorway exits, bus, rail, potentially light rail)
- ◆ Exceptional access to major local and visitor attraction drivers



Source: Google.

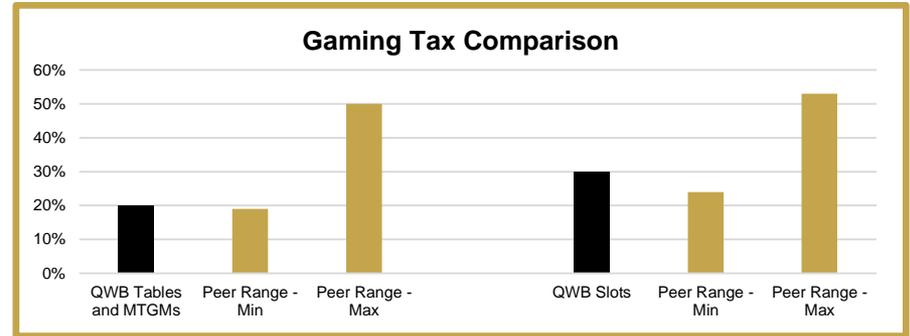
# 5 ATTRACTIVE LONG-TERM LICENCE TERMS SUPPORTS INVESTMENT AND FINANCIAL RETURNS

## Long-term Licence with Exclusivity

- ◆ Long term licence – 99 years
- ◆ Geographic exclusivity for 25 years from opening

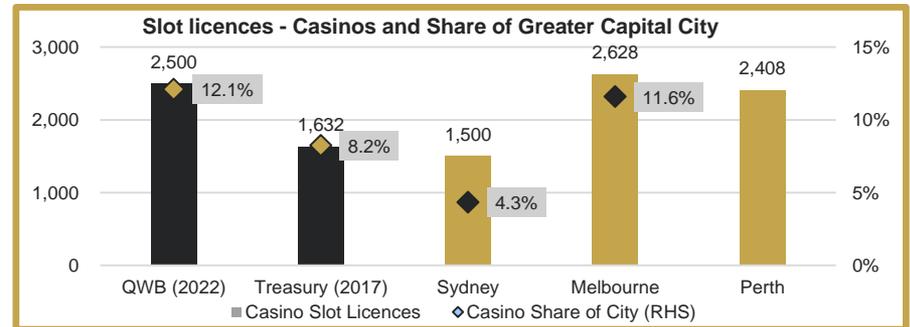
## Attractive Tax Rates

- ◆ Favourable domestic table and slots rates
- ◆ 10% rebate tax rate consistent with Australian peers
- ◆ No super tax regime



## Attractive EGM Allocation

- ◆ 2,500 slots, similar to Melbourne and Perth
- ◆ 12.1% of Greater Brisbane slots, similar to Melbourne



## Competitive Advantage Vs Pubs/ Clubs

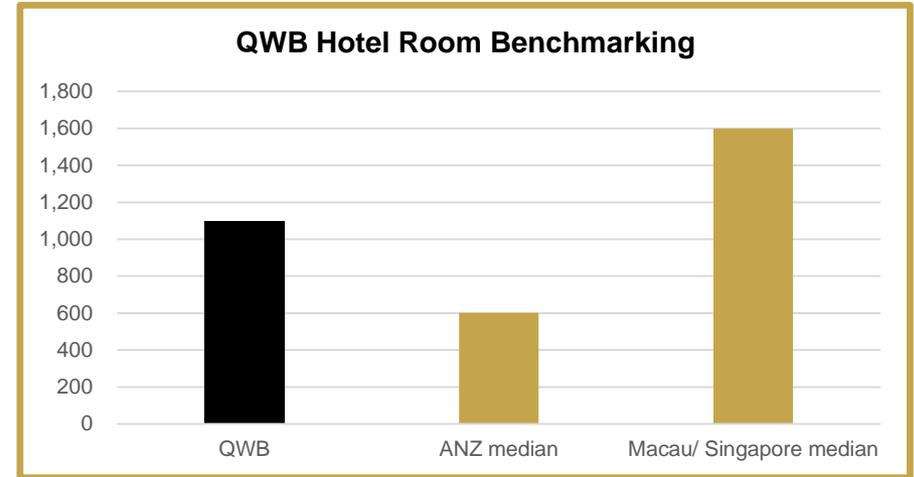
- ◆ Distinctive advantages vs local competition
- ◆ Slots – no bet limits (\$5 limit for pubs/ clubs)
- ◆ Tables and MTGMs – exclusive

# 6 SCALE AND SCOPE BENCHMARKED TO PEERS

## BRISBANE'S SIGNATURE ENTERTAINMENT PRECINCT FOR LOCALS AND VISITORS

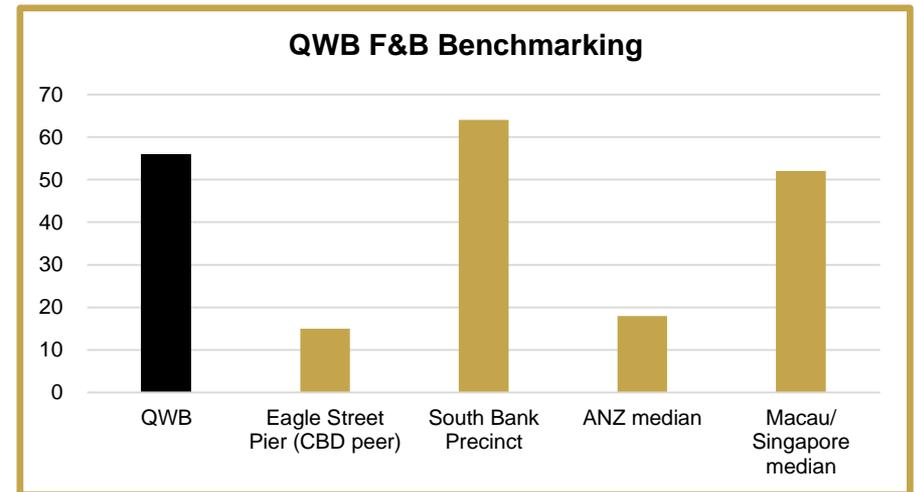
### 1,100 Hotel Rooms Provide Scale

- ◆ More rooms than ANZ peer median
- ◆ Scale enables comprehensive brand architecture (e.g. The Ritz-Carlton, Rosewood, Dorsett)
- ◆ Standalone profitable, flow on precinct visitation/ spend



### F&B a Key Demand Driver for Locals and Visitors

- ◆ More than ANZ peer median, in line with Asian peers
- ◆ Larger than CBD peer (Eagle Street Pier), similar to adjacent South Bank (Brisbane's premier lifestyle and cultural destination)
- ◆ Standalone profitable, flow on precinct visitation/ spend



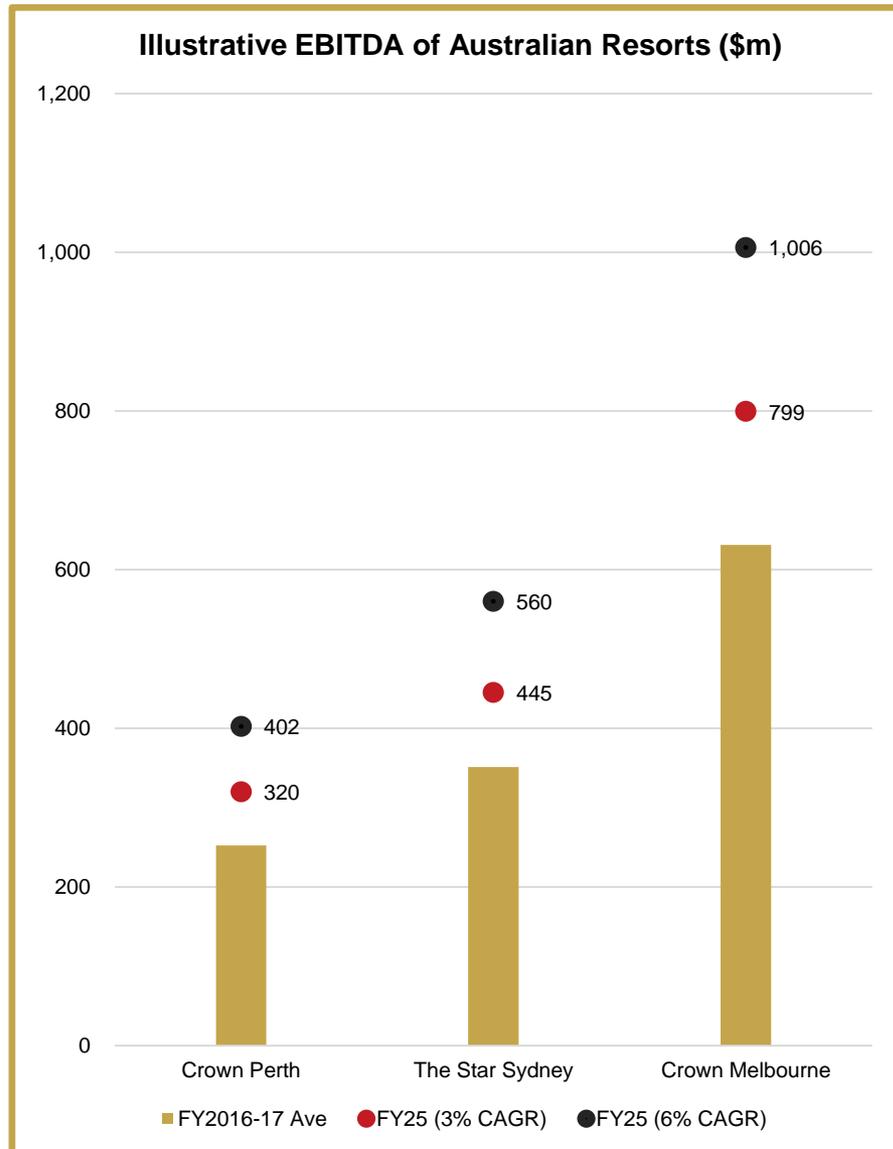
Source: Company reports, broker reports, websites. ANZ integrated resorts comprise Sydney, Melbourne, Brisbane, Gold Coast, Perth, Adelaide, Darwin and Auckland. Macau and Singapore integrated resorts include MBS, RWS and 13 Macau based resorts.

# LARGE AUSTRALIAN INTEGRATED RESORT EBITDA

## ILLUSTRATIVE FY2025 EBITDA

### Substantial Earnings Opportunity

- ◆ Significant EBITDA opportunity for QWB
- ◆ Illustrative \$320-1,006m EBITDA for large Australian integrated resorts by FY2025
  - FY2025 to reflect ramp up from QWB FY2023 opening
  - Base EBITDA average of normalised FY2016 and FY2017, given North Asia disruption
  - Assumed 3% and 6% CAGR to FY2025



Source: Company reports.

# QUEEN'S WHARF BRISBANE

## CONTENT

**EXECUTIVE SUMMARY**

**INVESTMENT HIGHLIGHTS**

**RESORT OVERVIEW**

**PROJECT UPDATE**

# RESORT OVERVIEW VIDEO

# RESORT OVERVIEW

## INTERNATIONAL AND DOMESTIC CONNECTIVITY



### Significant Direct Connectivity To Key International Source Markets

- ◆ 23.2 million passengers in 2017
  - 5.8 million international
  - 17.4 million domestic
- ◆ Direct connections to 32 international and 52 domestic destinations and expanding
- ◆ Increased capacity underway with Brisbane's new runway scheduled to open in 2020

### "SEQ and Sydney – the Best of Australia in 5 Days"



Queen's Wharf Brisbane



The Star Gold Coast

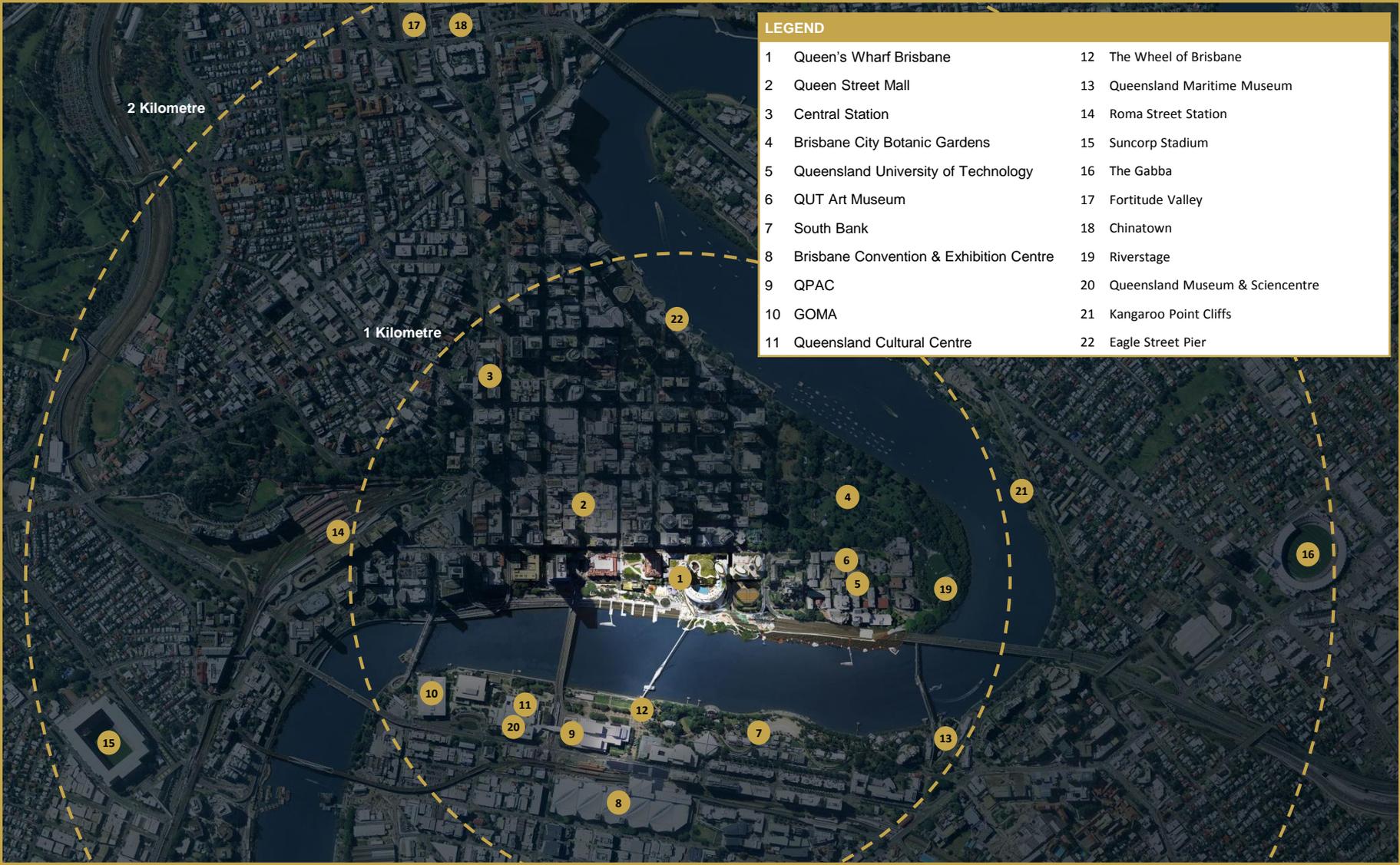


The Star Sydney

Source: Brisbane Airport Corporation.

# RESORT OVERVIEW

## PRECINCT AND ENVIRONS MAP



# RESORT OVERVIEW

## REDEFINING BRISBANE



# SIGNATURE GAMING TIERED ENTERTAINMENT OPTIONS



# PREMIUM ACCOMMODATION DRIVING VISITATION AND LENGTH OF STAY

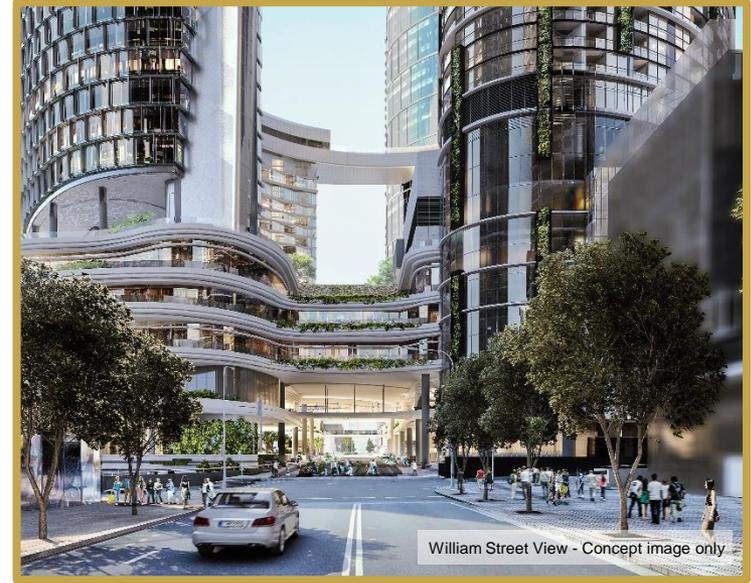


# PREMIUM RETAIL AND F&B A LOCAL DESTINATION THAT VISITORS DESIRE



# PREMIUM RETAIL AND F&B

## A LOCAL DESTINATION THAT VISITORS DESIRE



# QUEEN'S WHARF BRISBANE

## CONTENT

**EXECUTIVE SUMMARY**

**INVESTMENT HIGHLIGHTS**

**RESORT OVERVIEW**

**PROJECT UPDATE**

# PROJECT UPDATE

## CAPITAL EXPENDITURE UPDATE

1

~25% Increase In Gross Floor Area (GFA)

- ◆ Conditions satisfied to commence construction works February 2018
- ◆ Enables up to ~25% increase in integrated resort GFA
  - Enlarged podium (increased gaming, F&B and retail)
  - Expanded Sky Deck
- ◆ Hotel enhancements (incremental rooms, improved suite mix), back of house efficiencies

2

~\$2.4bn Total Project Costs Target

- ◆ Targeting ~\$2.4bn total project costs (~\$1.8bn previously), excluding Government payments (unchanged) and excludes Treasury Brisbane repurposing costs\*
- ◆ \$302m incurred to December 2017, including government payments of \$159m
- ◆ Includes larger integrated resort GFA and increased escalation
- ◆ Costs optimised by staging, working with contractors
- ◆ Project cost inflation higher than trend and expectations to date, with expected moderation
- ◆ Retain flexibility to design development stages and execute at appropriate time
- ◆ SGR 50% share of total QWB project costs and Government payments

\* Excludes \$213m Government payments and Brisbane Treasury repurposing costs. Compares to ~\$2.0bn announced on 16 November 2015 which includes \$213m Government payments, but excludes Brisbane Treasury repurposing costs.

# PROGRESS TO DATE

## ON TIME, EXPECTED OPENING CY2022

### Project Timeline

2017

- ✓ Demolition commenced Jan 2017, complete 1H CY2017

2018

- ✓ Excavation commenced 1H CY2018

2019

- ◆ Basement and foundations

2020

- ◆ Resort takes shape as construction progresses above ground

2021

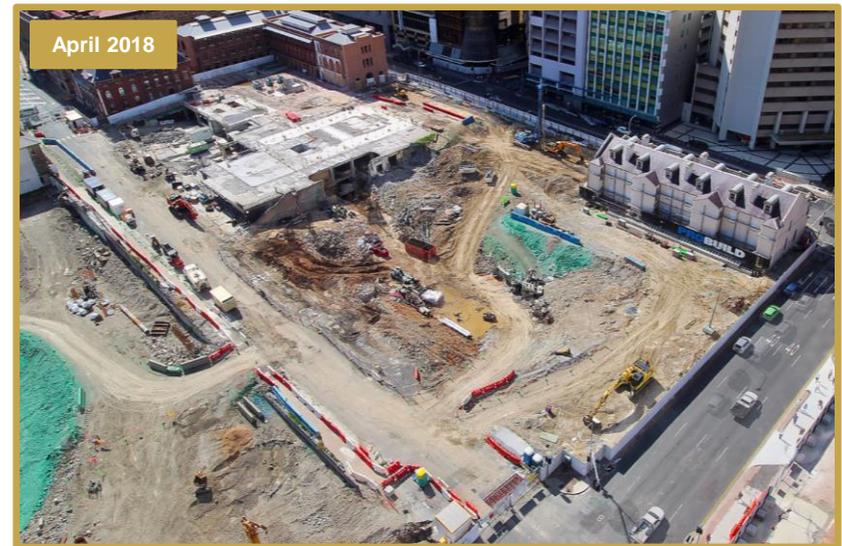
- ◆ Internal fit out

2022

- ◆ Progressive opening from 2H CY2022
- ◆ Treasury conversion commences (SGR 100%)

2024

- ◆ The Ritz-Carlton and destination retail opens (Treasury conversion completes)





# **Investor Day: The Star Gold Coast**

**THE STAR**

**GEOFF HOGG – MANAGING DIRECTOR, QUEENSLAND**

# THE STAR GOLD COAST CONTENT

**EXECUTIVE SUMMARY**

**INVESTMENT HIGHLIGHTS**

**BROADBEACH MASTERPLAN**

# EXECUTIVE SUMMARY

## KEY MESSAGES

1

**Property Transformation and Earnings Uplift Underway**

- ◆ Transformation to substantial world class integrated resort underway
- ◆ Earnings growth as assets upgraded/ developed

2

**Substantial Long-term Earnings Growth Opportunity**

- ◆ Favourable market and property specific drivers
- ◆ Market drivers
  - Strong demographic trends
  - Substantial tourism market with growth
- ◆ Property drivers
  - Unrivalled city-beach location
  - Attractive licence terms

3

**Long-term Development Pipeline Identified**

- ◆ First joint venture tower expected to commence construction mid CY2018, complete CY2021
- ◆ DA pending for masterplan with up to 4 additional joint venture mixed use towers

4

**De-risked Approach – Staged Mixed Use Developments with Partners**

- ◆ Capital efficient approach to developments (mixed use towers, partners)
- ◆ Developments subject to market conditions, including regulatory environment

# EXECUTIVE SUMMARY

## INVESTMENT HIGHLIGHTS

1

Investing behind success

2

Favourable demographic trends

3

Large and growing tourism market

4

Privileged property size and location

5

Attractive long-term licence terms

- ◆ Transformation underway, earnings growth as assets upgraded and enlarged
- ◆ 1H FY18 total domestic gross revenue up 20.8% vs pcp
- ◆ Large local catchment – 0.6m (largest non-capital city in Australia), 2.3% long term growth
- ◆ Fast growing population (up 28% in 10 years), with attractive mix (Asian born residents up 43% in 10 years)
- ◆ Over 5m visitors in 2017, 5.2% trend growth, 5th largest overnight visitor market
- ◆ Largest non-capital city airport, 6% trend growth in passenger movements (19% for international)
- ◆ 6 hectares freehold land
- ◆ Excellent transport access – road, light rail, 2 international airports
- ◆ Adjacent to Queensland’s largest shopping centre and largest regional convention centre in Australia
- ◆ Perpetual licence
- ◆ Attractive allocation of gaming positions – high share in dense slots market, unlimited and exclusive tables and MTGMs
- ◆ Attractive fiscal regime

# EXECUTIVE SUMMARY

## THE STAR GOLD COAST ON A PAGE

### Unique Customer Proposition

- ◆ Unparalleled city-beach gaming and entertainment proposition in Asia-Pacific region
- ◆ Offers signature gaming, premium accommodation and highly rated F&B
- ◆ Adjacent to Queensland's largest shopping centre and largest regional convention centre in Australia

### Upgraded and Expanded Integrated Resort

- ◆ Recently completed \$345m investment
- ◆ New 57 suite tower (The Darling) with premium gaming and F&B
- ◆ Refurbished 595 room 5 star hotel (The Star Grand)
- ◆ New and upgraded F&B

### Long-term Development Opportunity

- ◆ First tower presales 75% sold, construction expected to commence mid CY2018 for completion CY2021
- ◆ Development approval pending for up to 4 additional mixed use towers
- ◆ Staged approach, towers subject to market and regulatory conditions

### Key Aspects



**6 ha land**

Freehold land

**1,651 slots**

~22% of Gold Coast slot licences

**~134 tables**

~80% increase after The Darling and enlarged MGF commissioned

**~201 MTGMs**

~48% increase after The Darling and enlarged MGF commissioned

**652 hotel rooms**

All 5-star and above, all refurbished or new

**21 F&B outlets**

~40% increase vs 3 years ago

**2,292 carparks**

Key amenity for locals and visitors

# THE STAR GOLD COAST CONTENT

**EXECUTIVE SUMMARY**

**INVESTMENT HIGHLIGHTS**

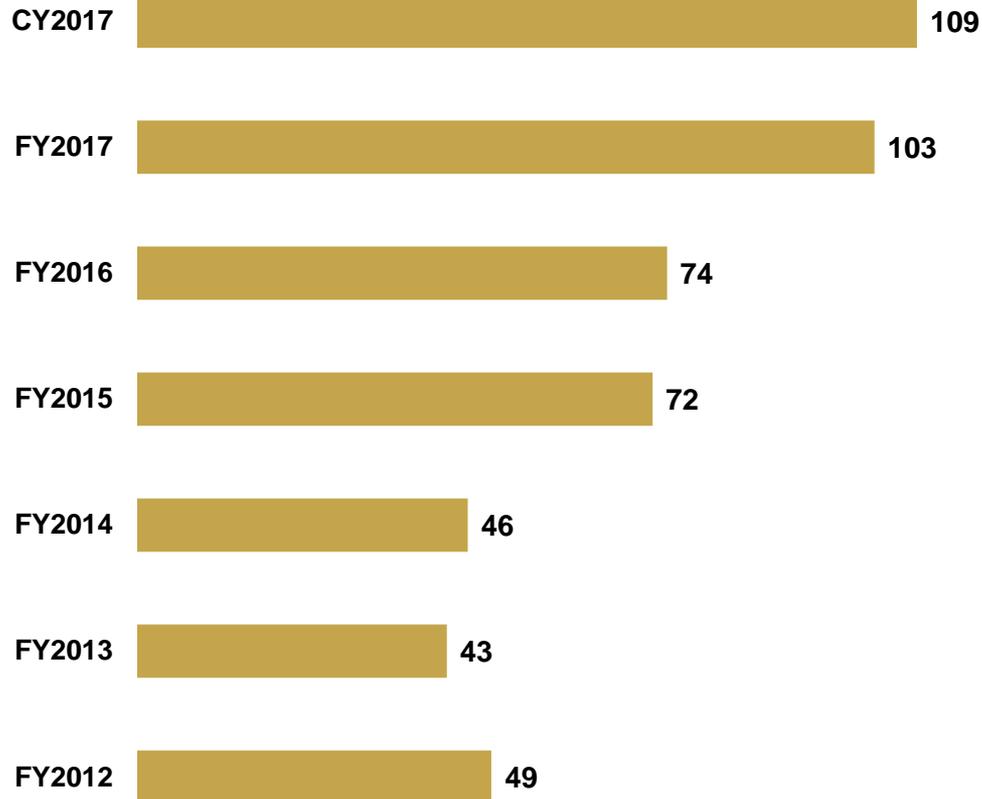
**BROADBEACH MASTERPLAN**

# 1 TRANSFORMATION UNDERWAY

## EARNINGS GROWTH AS ASSETS UPGRADED/ ENLARGED

### The Star Gold Coast EBITDA (\$m)

The Star Gold Coast - 5 year EBITDA



### Investments Timetable

1Q 2018

- ◆ The Darling opens (including Nineteen)
- ◆ Enlarged MGF and Sports Bar opens

2017

- ◆ Property rebranded to “The Star”
- ◆ Upgraded F&B (Imperial, Cherry Bar, Food Quarter)

2016

- ◆ The Star Grand hotel room upgrades complete
- ◆ Upgraded F&B (GKB, Mei Wei, M&G, Atrium Bar)

2015

- ◆ Refurbished Penthouse, Executive Deluxe rooms

2014

- ◆ Upgraded pool opens
- ◆ Upgraded F&B (Kiyomi, Cucina Vivo)

# 1 TRANSFORMATION UNDERWAY

## RECENT WORKS DELIVERED – UPGRADES



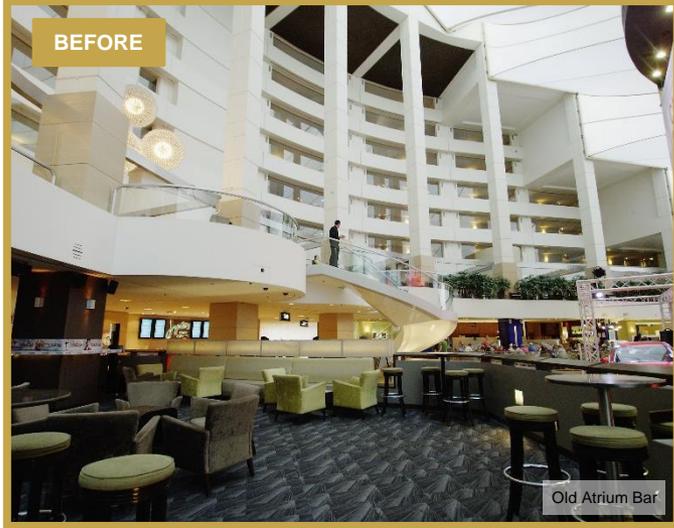
# 1 TRANSFORMATION UNDERWAY

## RECENT WORKS DELIVERED – UPGRADES



# 1 TRANSFORMATION UNDERWAY

## RECENT WORKS DELIVERED – UPGRADES



# 1 TRANSFORMATION UNDERWAY

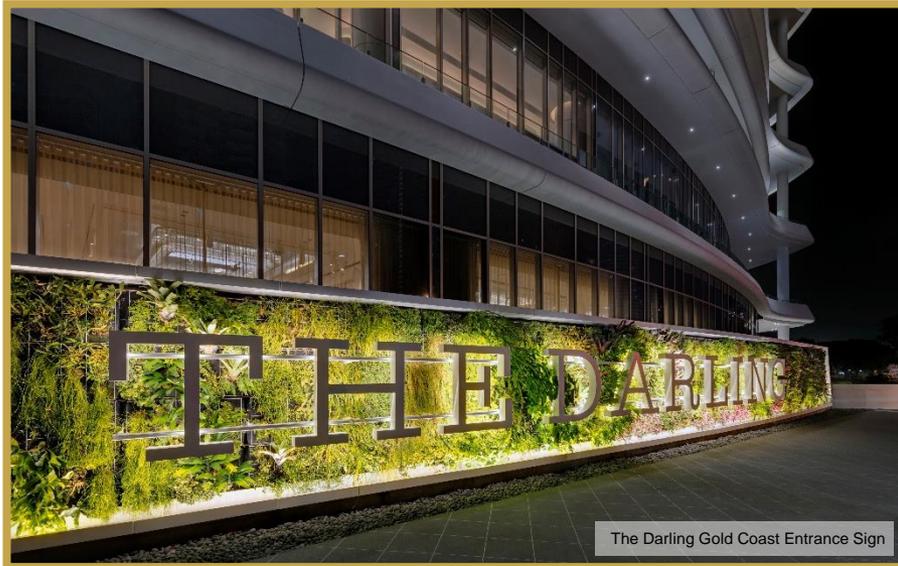
## RECENT WORKS DELIVERED – THE DARLING



The Darling Gold Coast Pool Deck



The Darling Gold Coast Porte Cochere



The Darling Gold Coast Entrance Sign



The Darling Gold Coast Lobby

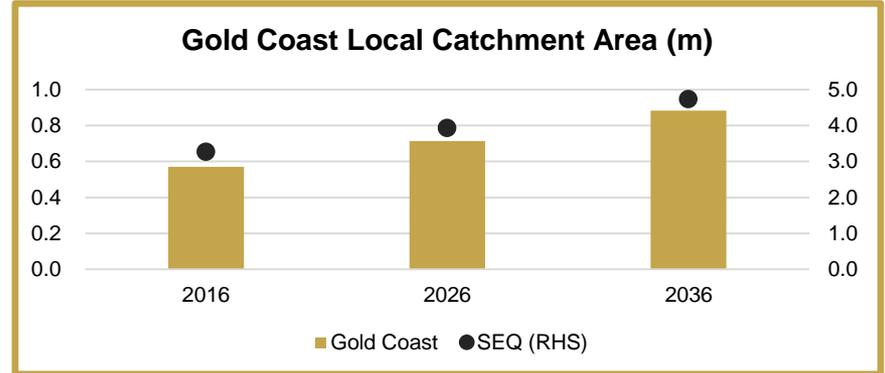
# 1 TRANSFORMATION UNDERWAY RECENT WORKS DELIVERED – THE DARLING



## 2 FAVOURABLE DEMOGRAPHIC TRENDS LARGE AND GROWING LOCAL CATCHMENT

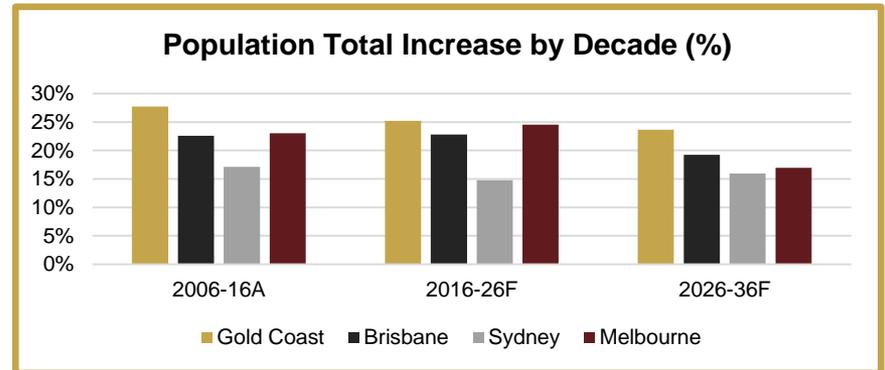
### Largest Non-Capital City in Australia

- ◆ Largest non-capital residential population in Australia
- ◆ 0.6m residents, 3.3m in broader SEQ region



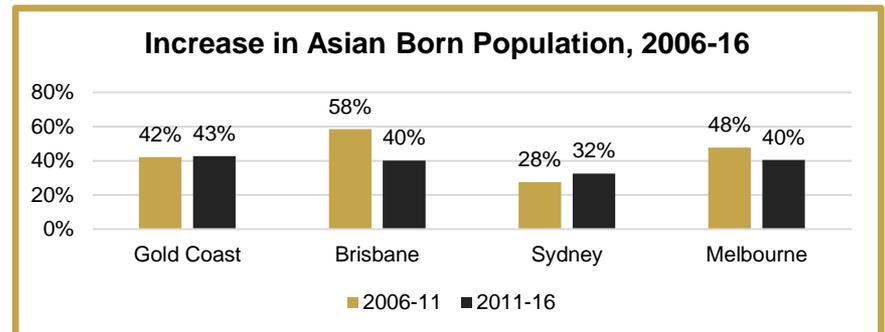
### High Historic and Forecast Population Growth

- ◆ Gold Coast population grew faster than major capital cities
- ◆ ~25% increase in total population every 10 years



### Increasingly Attractive Population Mix

- ◆ 5.4% of Gold Coast residents are Asian born
- ◆ Gold Coast Asian born population has grown by over 40% in each of 2006-11 and 2011-16



Source: ABS.

# 3 SUBSTANTIAL AND GROWING TOURISM MARKET SUBSTANTIAL VISITOR AND AIRPORT GROWTH

## Top 5 Visitor Market in Australia

- ◆ 5th largest overnight visitor market in Australia (after Sydney, Melbourne, Brisbane and Perth)
- ◆ Over 5m visitors in 2017, 5.2% trend growth

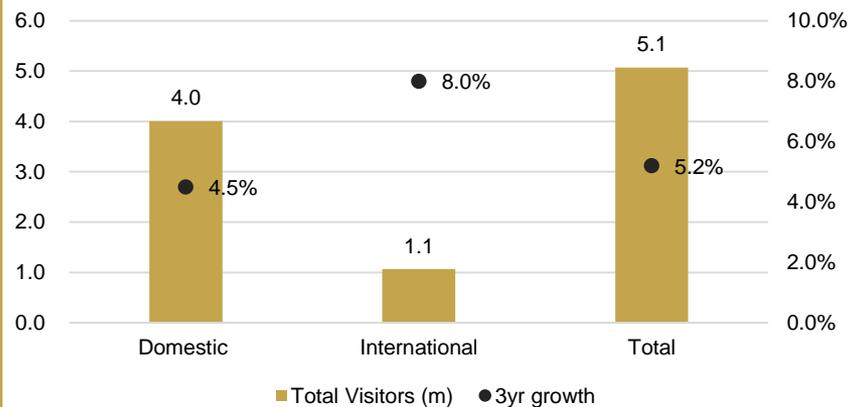
### Top 3

- ◆ City-beach desired destination by Chinese visitors
- ◆ Driven by “Gold Coast” significant brand recognition and value

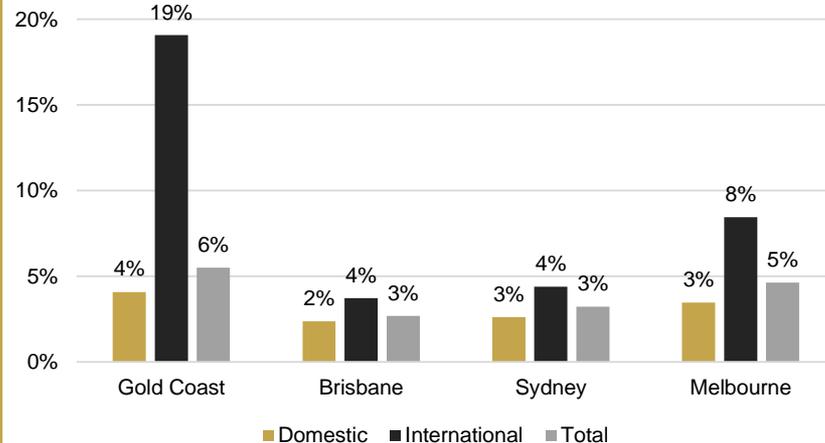
## Large and High Growth Airport

- ◆ Largest non-capital city airport
- ◆ 6.5m passenger movements in FY17
- ◆ 6% pa growth in total passenger movements FY07 to FY17 (19% pa growth from international)

Total Visitors to Gold Coast (2017) and 3 Year Growth



Passenger Movement Growth p.a., FY07-FY17



# 4 PRIVILEGED PROPERTY SIZE AND LOCATION

## 6HA FREEHOLD, GOOD TRANSPORT ACCESS, PROXIMATE TO TRAFFIC DRIVERS

High Value Land

- ◆ 6 ha island location at Broadbeach in central Gold Coast
- ◆ Direct access to major roads and light-rail
- ◆ Adjacent to Queensland’s largest shopping centre (Pacific Fair) and largest regional convention centre in Australia (Gold Coast Convention Centre)

1 hr to Brisbane Airport

15-20 mins to Sheraton Grand Mirage



20-30mins to Gold Coast Airport

- ◆ Largest regional convention centre in Australia
- ◆ Managed by SGR

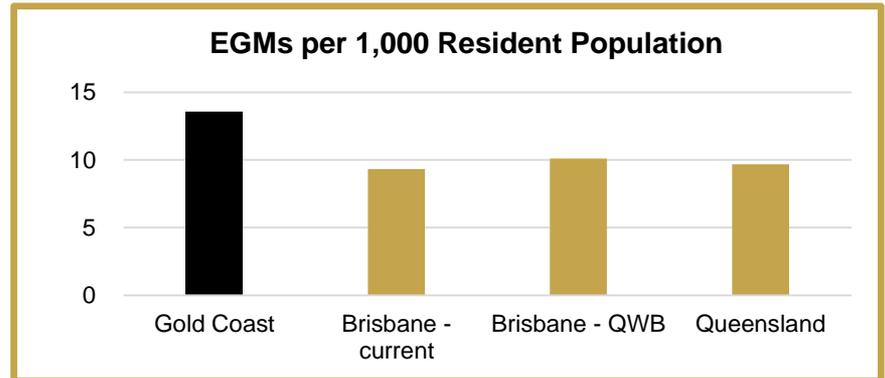
- ◆ Largest shopping centre in Qld
- ◆ \$670m upgrade completed 2016

# 5 ATTRACTIVE LONG-TERM LICENCE TERMS SUPPORTS INVESTMENT AND FINANCIAL RETURNS

## Perpetual Licence with Attractive Tax Rates

## Attractive Gaming Licence Terms

- ◆ Perpetual licence terms
- ◆ Same tax rates as QWB – favourable domestic table and slots rates, no super tax regime, 10% rebate tax consistent with Australian peers
- ◆ Substantial slots allocation
  - 1,651 slots at The Star
  - ~22% share of market
- ◆ No need for additional slots
  - Gold Coast has high number of slots per capita
  - ~14 EGMs per 1,000 residents, more than Brisbane and Queensland overall
- ◆ Unlimited, exclusive, tables and MTGMs



## Competitive Advantage vs Pubs/ Clubs

- ◆ Distinct advantages vs local competition
- ◆ Slots – no bet limits (\$5 limit for pubs/ clubs), higher jackpots

# THE STAR GOLD COAST CONTENT

**EXECUTIVE SUMMARY**

**INVESTMENT HIGHLIGHTS**

**BROADBEACH MASTERPLAN**

# PRECINCT OVERVIEW MASTERPLAN CONCEPT



Concept image only

# PRECINCT OVERVIEW MASTERPLAN CONCEPT

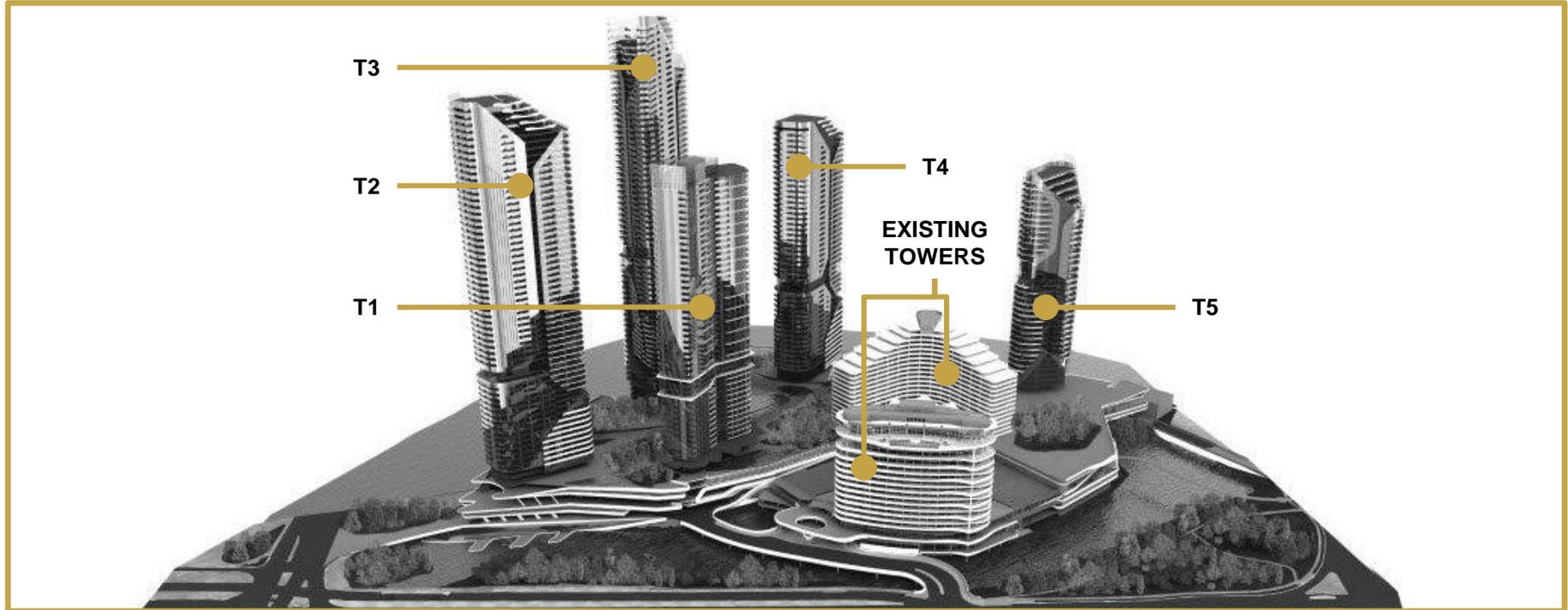


# PRECINCT OVERVIEW MASTERPLAN CONCEPT



# PRECINCT OVERVIEW

## LONG TERM GROWTH – UP TO 5 MIXED USE TOWERS\*



### Tower 1

- ◆ 318 hotel keys (“Dorsett” brand), 423 residential apartments
- ◆ ~\$400m total projected development costs
- ◆ Presales 75% sold, engaging with external lenders
- ◆ Construction expected to commence mid CY2018 and complete CY2021

Up to 5

Mixed use towers

Up to 2,200

Apartments approved

Up to 5

New high profile hotel brands

Up to 5,100

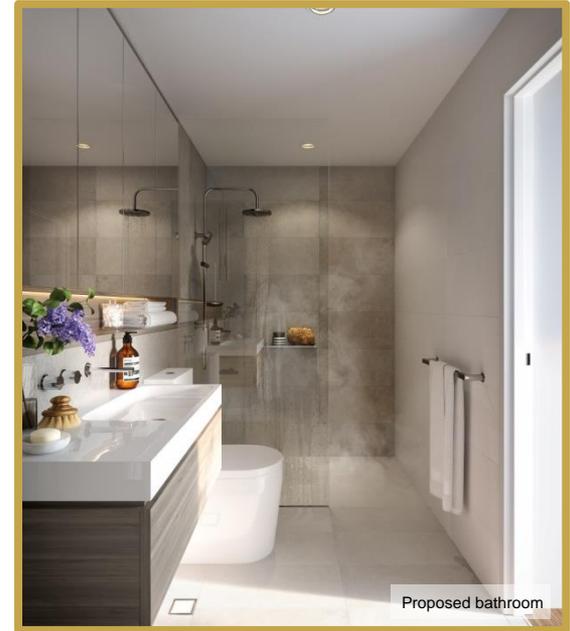
Car parks approved

\* T2 – T5 subject to market and regulatory conditions and all approvals.

# TOWER 1 – THE STAR RESIDENCES PREMIUM RESIDENCES



Proposed Level 20 pool



Proposed bathroom



Proposed living room



Proposed kitchen (standard apartment)

# TOWER 1 – THE STAR RESIDENCES PREMIUM RESIDENCES



Proposed bedroom



Proposed kitchen (corner apartment)



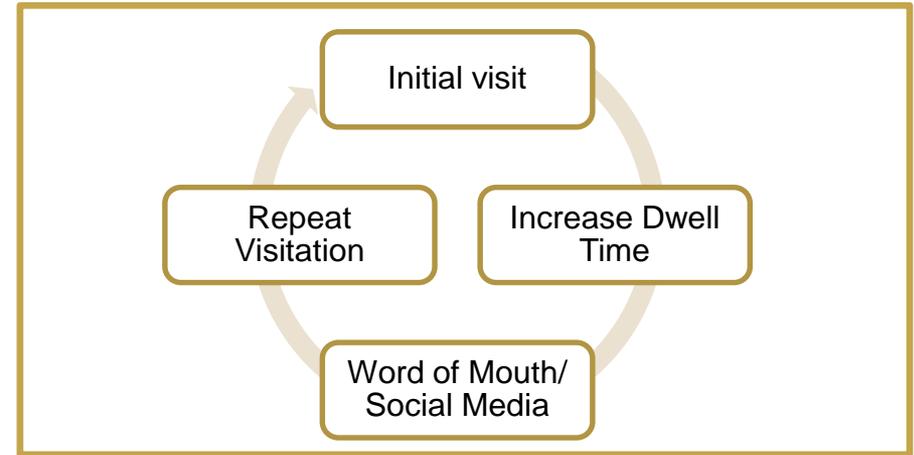
Proposed The Star Residences Lobby

# TOWER 1 – ENLARGED F&B OFFERING

## DRIVE PROPERTY APPEAL AND VISITATION

### Enhanced Property Appeal

- ◆ Enhanced property appeal
- ◆ Enhanced “The Star Gold Coast” and destination brand
- ◆ Appeal to new/ adjacent customer segments
- ◆ Enhanced offer to retain and yield existing customers



### Additional Floor Space Broadens Offer

#### Operating FY2017

GKB	Kiyomi
Mei Wei	Cucino Vivo
M&G	Atrium Bar
Buffet	Imperial

#### Opened FY2018 YTD

19
Sports Bar
Cherry Bar
Food Quarter

#### In Planning\*

Vietnamese	Steak/ Seafood	Thai
Chocolatier	Tapas/ Short order	
Casual Asian a la carte	Western casual	
Chinese fine dining	Café/ Pastry	

\* Tower 1 and Tower 2



# Investor Day: Key Messages

THE STAR

MATT BEKIER – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

# 2018 INVESTOR DAY

## KEY MESSAGES

1

### Solid Foundations

- ◆ Execution focus, above system performance and solid expense management to date
- ◆ Attractive markets with favourable macro trends (gaming, inbound tourism, F&B)
- ◆ Privileged assets with long-term growth opportunities
- ◆ Competitive capabilities
- ◆ Complementary partners
- ◆ Strong balance sheet and cash flow generation, attractive dividend payout ratio

2

### QWB Progressing Well

- ◆ Positive fundamentals
  - Market drivers – under-penetrated gaming, strong demographic trends, tourism
  - Property drivers – unrivalled location, attractive licence
- ◆ Earnings opportunity enhanced with enlarged scale and scope
- ◆ Development progressing to plan

3

### Gold Coast Transformation Gathering Pace

- ◆ Property transformation and earnings uplift underway
- ◆ Positive fundamentals
  - Market drivers – strong demographic trends, tourism
  - Property drivers – unrivalled city-beach location, attractive licence
- ◆ Long-term development pipeline

**Capital efficient,  
de-risked growth**

**Substantial  
earnings  
opportunity**

**Network of  
world class  
resorts**

# APPENDIX

## GLOSSARY

TERM	DEFINITION
CAGR	Compound Annual Growth Rate
Capital expenditure (capex)	Unless otherwise stated, capital expenditure is presented on an accruals basis and excludes investments in associates and equity acquisitions
DA	Development Approval
Domestic Tables	Domestic Tables includes main gaming floor table games, private gaming room table games, domestic rebate table games
EGM	Electronic gaming machine – includes both slots and MTGMs
F&B	Restaurants and bars
GFA	Gross Floor Area
JV	Joint Venture
MGF	Main gaming floor
MTGM	Multi-terminal gaming machine or electronic table game
NMR	Net revenue per machine
Normalised revenue	Normalised results reflect the underlying performance of the business as they remove the inherent win rate volatility of the International VIP Rebate business. Normalised results are adjusted using an average win rate of 1.35% of actual turnover
pcp	Prior comparable period
PGR	Private gaming room
Premium Mass	International loyalty program business (non-commission)
Significant items	Significant items are items of income or expense which are, either individually or in aggregate, material to The Star Entertainment Group and: <ul style="list-style-type: none"> <li>◆ Outside the ordinary course of business (e.g. the cost of significant reorganisations or restructuring); or</li> <li>◆ Part of the ordinary activities of the business but unusual due to their size and nature (e.g. impairment of assets)</li> </ul>



THE STAR

ENTERTAINMENT  
GROUP

## **THE STAR ENTERTAINMENT GROUP**

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**INVESTOR DAY – GROUP STRATEGY AND QUEENSLAND**

**THANK YOU**