



THE STAR continues to stride towards their vision.

Company/ASX Code	The Star Entertainment Group Ltd/SGR
AGM date	Thursday, 1 November 2018
Time and location	10am (Qld time) at The Star Gold Coast, Broadbeach Qld
Registry	Link Market Services
Webcast	Yes
Poll or show of hands	Poll on all items
Monitor	Carol Limmer with assistance from Orlene McKinlay
Pre AGM Meeting?	Yes, with Chair, John O'Neill, and Chair of Remuneration Committee, Sally Pitkin

Item 1	Consideration of accounts and reports
ASA Vote	No vote required

Summary of ASA Position

Financials

Financial performance was solid overall. Statutory gross revenue was \$2.58bn. Dividends were up 20.5% (from 16c to 20.5c). Statutory net profit after tax (NPAT) was down from \$264.4m to \$148.1m on previous year, being impacted by a low actual win rate of 1.16% in the International VIP Rebate business and significant items, primarily from the restructure of US Private Placement debt announced in 2017 and Gold Coast pre-opening/launch expenses which were previously disclosed. Normalised NPAT was up 20.3% (from \$214.5m to \$258 m).

SGR has a relatively strong balance sheet position and cash flow. There has been broad-based growth and investments are performing quite well.

Strategic Initiatives

SGR's vision is to be Australia's leading integrated resort company – it is not just casinos but range of hotels, food and beverage outlets, retail shops and theatres.

During the year SGR progressed through key objective areas including delivering advancements in supply chain management, developing indigenous relationships, growing the energy and water efficiency project pipeline, building on existing relationships within its local communities while nurturing new partnerships and developing talented teams.

Their various strategic initiatives continue to be managed well. New buildings and refurbishments of world class standard, which are in the main very significant projects, continue to progress well, being on time and on budget.

Whilst continuing their interest in VIP market, they concentrate on the mass premium market and also look to diversification in relation to potential customer markets eg looking beyond China within Asia.

Governance and culture

The Corporate Responsibility, Corporate Governance and Sustainability Reports (including focus on diversity) are clearly documented. Likewise, the annual report is user friendly and attractive with good use of wording and visuals.

SGR continues to win many awards across their various properties, including international ones like again being No. 1 for their sector in well recognised Dow Jones Sustainability Index.

Two of the seven non-executive directors (NEDs) are female.

All directors, including new appointees, have 'skin in the game' in terms of shareholdings. NEDs would all be regarded as independent directors.

Key Board or senior management changes

Greg Hayes retired as a director in October 2017 and there have been two new director appointments namely Vlatko Todorevski in October 2017 and Ben Heap in May 2018.

Summary

(As at FYE)	2018	2017	2016	2015
NPAT (\$m)	148.1	264.4	194.4	169.3
UPAT (\$m)	258	214.5	194.0	172.0
Share price (\$)	4.93	5.05	5.40	4.36
Dividend (cents)	20.5	16	13	11
TSR (%)	4.8	113.5	54.5	-7.36
EPS (cents)	32	32	23.6	20.5
CEO total remuneration, actual (\$m)	4.375	1.695*	4.03	3.6

* No LTI awarded in 2017.

For 2018 the CEO's total actual remuneration was 51 times the Australian Full time Adult Average Weekly Total Earnings (based on May 2018 data from the Australian Bureau of Statistics).

Item 2	Re-election of Dr Sally Pitkin
ASA Vote	For

Summary of ASA Position

Dr Pitkin has been a director since December 2014. She chairs the Remuneration Committee and is a member of the Audit Committee and the People, Culture & Social Responsibility Committee.

Her background, experience and qualifications well support he continuation as a director

She holds 45,900 shares.

Item 3	Election of Mr Zlatko Todorcevski
ASA Vote	For

Summary of ASA Position

Mr Todorcevski was appointed a year ago, chairs the Audit Committee and is a member of the Risk & Compliance and Investment & Capital Expenditure Review Committees.

He is formally well qualified, has 30 years' executive experience with strong background in finance, strategy and planning (including large scale capital investments), mergers and acquisitions and strategic procurement. Has expertise in finance across capital markets, investor relations, accounting, tax and corporate governance. Mr Todorcevski is currently Chair of Adelaide Brighton Ltd and is proposed as a NED at Coles Board.

He holds 50,000 shares in SGR.

Item 4	Election of Mr Ben Heap
ASA Vote	For

Summary of ASA Position

Mr Heap was appointed in May 2018 and is a member of Risk & Compliance, Remuneration and People, Culture & Social Responsibility Committees.

He is formally well qualified and experience in investment and complex financing, expertise in asset and capital management as well as financial technology and digital businesses. Mr Heap was a founding partner of H2 Ventures, a financial technology, data and artificial intelligence focused venture capital investment firm, a NED of high growth companies and member of Commonwealth Government's Fintech Advisory Group.

He was MD and Head of Australasia for UBS Global Asset Managements, prior to that Head of Infrastructure, UBS, and earlier on Group Executive, E-Commerce & Corporate Development for TAB Ltd.

He holds 20,000 shares in SGR.

Item 5	Remuneration Report
ASA Vote	For

Summary of ASA Position

There is a letter from Remuneration Committee Chair included in their annual report providing outline of their remuneration arrangements.

The annual report provides comprehensive information on their policies and practices. Actual remuneration figures are available in addition to mandatory statutory details.

While SGR achieved both its (weighted) financial and non-financial targets for the short-term incentive (STI) plan, only 85% of the total target pool was crystallised for payment following varying levels of performance of respective divisions and business units. 2014 long-term incentive (LTI) award vested in its entirety with both hurdles being met.

For 2019, the annual average increase for senior executives is 3.3% and for the CEO fixed remuneration and STI components are being increased by 2%.

With STI, there is 33% deferral into equity for 12 months. Performance measures are clearly set out along with overall rating outcomes. There is a financial gateway for award of payments. It would be preferable to have a greater portion of STI deferred and a longer actual deferral period.

LTIs are allocated on a moderated market value basis (face value less dividend discount factor). We have pointed out to SGR that a market value approach could be taken with the value of dividends paid upon vesting or, alternatively, having dividends go into a trust account with payments at vesting. There is a four-year performance period and now there are 3 performance hurdles (previously two), each with equal weighting viz total shareholder return (TSR), earnings per share (EPS) and return on invested capital (ROIC being: statutory earnings before interest and taxes, adjusted for the theoretical win rate in VIP Rebate business, as a proportion of average Net Debt and average Shareholder Equity). 50% is paid at 50th percentile with TSR – a more rigorous hurdle would be preferred.

It was just recently announced that performance rights under the 2015 grant have vested, 100% for those related to the EPS hurdle which was above the board's target and 99.65% for those related to TSR which was just shy of the 75th percentile (74.65th).

There are clawback provisions.

There were no changes to base NED fees for FY18 but there was one increase to align Investment & Capital Expenditure Review Committee to those of Audit, Risk & Compliance and Remuneration Committees. The current cap for NEDs is set at \$2.5m, including superannuation contributions. Amount utilised in FY18 was \$1.8m.

Item 6	Grant of Performance Rights to MD and CEO
ASA Vote	For

Summary of ASA Position

The fixed component of MD and CEO, Mr Matt Bekkier's remuneration for FY19 is \$1.7m. For performance at target his STI is also set at that amount with maximum potential at 150% of fixed remuneration.

His total STI award for FY18 was \$1.6m (97% of potential at target) with \$324,481 of that being deferred into equity.

His LTI potential is unchanged from prior year at \$2.9m.

Mr Bekkier has a direct interest in 1.1m SGR shares. He also currently holds 1.4m performance rights relating to 2016, 2017 and 2018 grants.

Further details on LTIs are covered under Item 5.

Please note one of the individuals involved in the preparation of this voting intention has a shareholding in this company.

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