

# ASX ANNOUNCEMENT

ECHO ENTERTAINMENT GROUP



THE STAR



10 October 2012

## SHAREHOLDER UPDATE & AGM VOTING REMINDER

Attached is a copy of a letter that will be dispatched today to Echo Entertainment Group Limited shareholders.

**Paula Martin**  
**Group General Counsel & Company Secretary**

## **IMPORTANT SHAREHOLDER UPDATE AND AGM VOTING REMINDER**

Dear Shareholder

You will have recently received your notice of meeting and voting form for Echo Entertainment Group's Annual General Meeting (AGM) which is being held on 25 October 2012.

Ahead of the AGM, we wish to update you on a number of important developments at your company.

The Board has commenced a global search for a new CEO following the announcement on 27 September that Mr Larry Mullin would depart the company in January 2013, following completion of the redevelopment of The Star. Larry has led the Echo casino business for four years and has guided the business through the demerger from Tabcorp and the \$870m redevelopment of The Star.

The final piece in The Star's rebuild is the completion of the Events Centre later this year. The Board and Larry agreed that the completion of The Star's transformation was a natural handover point to a new CEO. Larry is to be commended on his vision and execution of this large, complex project, which is tracking on time and within budget. The end result is a stunning world class entertainment precinct on the shores of Sydney Harbour that is on par with the very best new casino complexes in Asia, North America and Europe. Larry has also lifted the company to a new level of maturity by successfully building up a team of globally experienced and credentialed casino managers to lead each of our properties.

The Board is confident of attracting a suitable, experienced senior casino executive to lead the next phase of Echo's development, and in particular to drive returns from the \$870m investment in The Star and to progress value adding development options for our Queensland properties.

The Board also accepted the resignation of non-executive director, Mr Brett Paton on 25 September, and the Board thanks Brett for his contribution to the company. He was a member of the Tabcorp and then Echo boards over the last four years, bringing his capital markets expertise and experience to the Board, the Audit Committee and most recently as the non-executive director member leading the Due Diligence Committee for the capital raising conducted in June.

On 3 October, Echo's Board announced the appointment of Ms Katie Lahey as an independent non-executive director. Ms Lahey has an ideal skill set to augment the Board as we rejuvenate our

leadership and position ourselves for the next phase of the company's development. She brings a strong background in the tourism, retail and entertainment sectors. The Board is also continuing its efforts to finalise further non-executive director appointments with complementary skills to lead the company.

The past nine months have presented numerous challenges for the company and Board. There has been a significant amount of publicity and so it is appropriate at this point in time to reinforce the positive prospects for your investment in Echo.

The Board and senior management team have a well-defined plan for growing the business and creating shareholder value. The most recent trading update has demonstrated that we are now delivering successfully against this plan. The highlights for the first 10 weeks of trading from 1 July to 9 September include 26.7% total revenue growth at The Star over the comparable period in 2011 and 59.9% revenue growth in the International Rebate Business (VIP) at The Star (32.8% on a normalised basis<sup>1</sup>). We continue to see solid growth in activity levels at The Star.

Underpinning the operational performance of the business is the strong, experienced operational management team we have in place at each of our properties, in whom the Board has the utmost confidence to deliver maximum returns on our invested capital.

We are committed to building a strong, well-credentialed and cohesive Board to provide experienced and independent stewardship of the company on behalf of all shareholders. This process of Board renewal is well underway.

Your Board will be completely focussed on maximising the value of each of Echo's casino licences for the benefit of all shareholders. In working towards this objective, the Board will proactively consider all potential value enhancing opportunities, including new development opportunities under our existing casino licences, and will be rigorous in determining which opportunities are pursued in the interest of all shareholders.

I am confident about the future and outlook for Echo. To give a sense of Echo's potential across its network of casinos I encourage all shareholders to visit The Star to see our flagship operation, Sydney's newest five star hotel, The Darling, and a huge array of new restaurants, bars and retail operations that includes Momofuku Seiobo, awarded 'three hats' and voted Sydney's best new restaurant in the *SMH Good Food Guide*.

I encourage you to exercise your right to vote at the upcoming AGM and look forward to meeting as many of you as possible in the new theatre at our Jupiters Gold Coast property on 25 October.

Yours sincerely



**John O'Neill AO**  
Chairman

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<sup>1</sup> Normalised IRB rebate revenue for FY13 year to 9 September 2012 is calculated based on a 1.6% win rate and 14.0 turns of front money. FY12 IRB rebate revenue for year to 9 September 2011 is calculated based on 1.54% win rate and 15.6 turns.