

# ASX ANNOUNCEMENT

ECHO ENTERTAINMENT GROUP



THE STAR



25 June 2012

## RETAIL ENTITLEMENT OFFER

Echo Entertainment Group Limited refers to the announcement dated 14 June 2012 regarding the 1 for 5 Accelerated Renounceable Entitlement Offer (the **Entitlement Offer**).

Attached are the following documents relating to retail component of the Entitlement Offer (the **Retail Entitlement Offer**) that will be mailed to shareholders today:

1. Retail Entitlement Offer Booklet;
2. Entitlement and Acceptance Form;
3. Letter to retail shareholders who are not eligible to participate in the Retail Entitlement Offer.

**Paula Martin**  
**Company Secretary**

## ECHO ENTERTAINMENT GROUP

Echo Entertainment Group Limited  
ABN 85 149 629 023  
Level 3  
159 William Street  
Brisbane Qld 4000

# RETAIL ENTITLEMENT OFFER

Fully underwritten 1 for 5 accelerated renounceable entitlement offer at an Offer Price of A\$3.30 per New Share

Retail Entitlement Offer closes at 5.00pm (AEST) on Monday, 9 July 2012

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

This Retail Offer Booklet requires your immediate attention. It is an important document which is accompanied by a personalised Entitlement and Acceptance Form and both 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 & Investments Commission (ASIC). Please call your stockbroker, accountant or other professional adviser or the Echo Offer Information Line on 1300 880 923 (within Australia) or +61 2 8280 7504 (outside Australia) if you have any questions.

# IMPORTANT NOTICES

Defined terms used in these important notices have the meaning given in this Retail Offer Booklet.

## **Future performance and forward looking statements**

This Retail Offer Booklet contains certain “forward looking statements”. Forward looking statements can generally be identified by the use of forward looking words such as “expect”, “anticipate”, “likely”, “intend”, “propose”, “should”, “could”, “may”, “guidance”, “outlook”, “predict”, “plan”, “will”, “believe”, “forecast”, “estimate”, “target” and other similar expressions within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance or outlook on, future earnings, distributions or financial position or performance, aspects of the Entitlement Offer and use of proceeds are also forward looking statements. The forward looking statements contained in this Retail Offer Booklet involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of Echo Entertainment Group Limited (ABN 85 149 629 023) (**Echo**), and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

Refer to the “Key risks” section of the Echo Investor Presentation included in Section 4 of this Retail Offer Booklet for a summary of certain general and Echo specific risk factors that may affect Echo. There can be no assurance that actual outcomes will not differ materially from these forward looking statements. A number of important factors could cause actual results or performance to differ materially from the forward looking statements. Investors should consider the forward looking statements contained in this Retail Offer Booklet in light of those disclosures. You are cautioned not to place undue reliance on forward looking statements. The inclusion of forward looking statements should not be regarded as a representation, warranty or guarantee with respect to its accuracy or the accuracy of the underlying assumptions, or that Echo will or is likely to achieve particular results.

The forward looking statements are based on information available to Echo as at the date of this Retail Offer Booklet. Except as required by law or regulation (including the ASX Listing Rules), Echo undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

## **Past performance**

Investors should note that past performance, including past share price performance and pro forma historical information are included for illustrative purposes only, and cannot be relied upon as an indicator of (and provides no guidance as to) future Echo performance including future financial position or share price performance.

## **Jurisdictions**

This Retail Offer Booklet, and any accompanying Australian Securities Exchange (**ASX**) announcements and the Entitlement and Acceptance Form, do not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. Neither this Retail Offer Booklet nor the Entitlement and Acceptance Form may be distributed or released in the United States. Neither the entitlements to purchase new ordinary shares in Echo (**New Shares**) pursuant to the offer described in this Retail Offer Booklet (**Entitlements**) nor the New Shares have been, and none of them will be, registered under the U.S. Securities Act of 1933 (**U.S. Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Neither the Entitlements nor the New Shares may be offered, sold or resold in the United States absent registration or an applicable exemption from the registration requirements of the U.S. Securities Act and the applicable securities laws of any state or other jurisdiction in the United States. The Entitlements and the New Shares offered and sold pursuant to the Retail Entitlement Offer may only be offered and sold outside the United States in “offshore transactions” (as defined in Rule 902(h) of Regulation S under the U.S. Securities Act) in compliance with Regulation S under the U.S. Securities Act.

## **Withholding tax**

This Retail Offer Booklet refers to the potential payment of a Retail Premium to certain investors. References to the payment of the Retail Premium in this Retail Offer Booklet should be read as payments net of any applicable withholding taxes. If you are an Australian tax resident shareholder, and you have not previously provided your TFN or ABN to Echo, you may wish to do so prior to the close of the retail offer described in this Retail Offer Booklet (**Retail Entitlement Offer**) to ensure that any withholding tax is not deducted from any proceeds payable to you at the rate of 46.5%. You are able to provide your TFN or ABN online with the Echo Share Registry at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

## **References to “you” and “your Entitlement”**

In this Retail Offer Booklet, references to “you” are references to Eligible Retail Shareholders and references to “your Entitlement” (or “your Entitlement and Acceptance Form”) are references to the Entitlement (or Entitlement and Acceptance Form) of Eligible Retail Shareholders (as defined in Section 5.1).

## **Times and dates**

Times and dates in this Retail Offer Booklet are indicative only and subject to change. All times and dates refer to Australian Eastern Standard Time (**AEST**). Refer to the “Key dates” section of this Retail Offer Booklet for more details.

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## Currency

Unless otherwise stated, all dollar values in this Retail Offer Booklet are in Australian dollars (A\$).

## Disclaimer

None of the Underwriters nor any of their respective related bodies corporate and affiliates, nor any of their respective directors, officers, partners, employees, representatives or agents have authorised or caused the issue of this Information and they do not take any responsibility for this Information or any action taken by you on the basis of such information. To the maximum extent permitted by law, the Underwriters and each of their respective related bodies corporate and affiliates and each of their respective directors, officers, partners, employees, representatives or agents exclude and disclaim all liability for any expenses, losses, damages or costs incurred by you as a result of your participation in the Entitlement Offer and this Information being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise. None of the Underwriters nor any of their respective related bodies corporate and affiliates nor their respective directors, officers, partners, employees, representatives or agents make any recommendations as to whether you or your related parties should participate in the Entitlement Offer nor do they make any representations or warranties to you concerning this Entitlement Offer, or any such information and you represent, warrant and agree that you have not relied on any statements made by the Underwriters or any of their respective related bodies corporate and affiliates or any of their respective directors, officers, partners, employees, representatives or agents in relation to the New Shares or the Entitlement Offer generally.

It is important to note that the Underwriters will be acting for and providing services to Echo in this process and will not be acting for or providing services to shareholders or any other investor. The engagement of the Underwriters by Echo is not intended to create any agency, fiduciary or other relationship between the Underwriters and the shareholders or any other investor.

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# KEY DATES

Event	Date
Entitlement Offer announced	Thursday, 14 June
Institutional Entitlement Offer	Thursday, 14 June – Friday, 15 June
Institutional Shortfall Bookbuild	Monday, 18 June
Existing shares recommence trading on ASX	Monday, 18 June
Record Date for the Entitlement Offer	Monday, 18 June (7.00pm)
Retail Entitlement Offer opens	Monday, 25 June (9.00am)
Settlement of the Institutional Entitlement Offer	Friday, 29 June
Issue and normal settlement trading of New Shares under the Institutional Entitlement Offer	Monday, 2 July
Retail Entitlement Offer closes	Monday, 9 July (5.00pm)
Retail Shortfall Bookbuild	after market close, Thursday, 12 July – before market open, Friday, 13 July
Settlement of the Retail Entitlement Offer	Wednesday, 18 July
Issue of New Shares under the Retail Entitlement Offer	Thursday, 19 July
Despatch of holding statements	Friday, 20 July
Retail Premium (if any) expected to be despatched	Friday, 20 July
New Shares under the Retail Entitlement Offer commence trading on a normal settlement basis	Friday, 20 July

The timetable above is indicative only and may be subject to change. All dates are 2012 and times refer to AEST. Echo, in conjunction with the Underwriters (as defined in Section 5.15), reserves the right to amend any or all of these dates and times subject to the *Corporations Act 2001* (Cth) (**Corporations Act**), the ASX Listing Rules and other applicable laws. In particular, Echo reserves the right to extend the closing date of the Retail Entitlement Offer, to accept late applications under the Retail Entitlement Offer (either generally or in particular cases) and to withdraw or vary the Retail Entitlement Offer without prior notice. Any extension of the closing date will have a consequential effect on the issue date of New Shares.

The commencement of quotation of New Shares is subject to confirmation from ASX.

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been accepted. Eligible Retail Shareholders wishing to participate in the Retail Entitlement Offer are encouraged to submit their personalised Entitlement and Acceptance Form as soon as possible after the Retail Entitlement Offer opens.

## Enquiries

If you have any questions, please call the Echo Offer Information Line on 1300 880 923 (within Australia) or +61 2 8280 7504 (outside Australia), or consult your stockbroker, accountant or other professional adviser. The Echo Offer Information Line will be open from 8.30am to 7.30pm (AEST) Monday to Friday. Alternatively, you can access information about the Retail Entitlement Offer online at [www.echoentertainment.com.au](http://www.echoentertainment.com.au).

# LETTER FROM THE CHAIRMAN

Monday, 25 June 2012

Dear Shareholder,

On behalf of Echo Entertainment Group Limited (**Echo**), I am pleased to invite you to participate in a fully underwritten 1 for 5 accelerated renounceable entitlement offer of new Echo ordinary shares (**New Shares**) at an offer price of A\$3.30 per New Share (**Offer Price**), to raise gross proceeds of approximately A\$454 million (**Entitlement Offer**). This means that you have the opportunity to purchase 1 New Share for every 5 existing Echo ordinary shares you owned at 7.00pm (AEST) on Monday, 18 June 2012 (**Record Date**).

The proceeds from the Entitlement Offer (less associated costs) will be used to repay debt and provide a revised capital structure that the Board believes is appropriate given growth in the International Rebate Business (**IRB**).

As announced to the market on 31 May 2012, trading conditions have remained difficult in the second half of the year with revenues negatively affected by soft consumer sentiment and volatility in IRB revenues. On 14 June 2012, Echo announced expected normalised EBITDA (before significant items of A\$78 million) of A\$380 – A\$390 million and statutory EBITDA (after significant items of A\$78 million) of A\$270 – A\$315 million for the year ending 30 June 2012.

## Details of the Entitlement Offer

On 14 June 2012, Echo announced its intention to raise approximately A\$454 million through an Entitlement Offer, comprising an institutional component (**Institutional Entitlement Offer**) and a retail component (**Retail Entitlement Offer**). The Institutional Entitlement Offer was completed on Friday, 15 June 2012. A bookbuild for the Institutional Entitlement Offer (**Institutional Shortfall Bookbuild**), through which the Entitlements not taken up by Eligible Institutional Shareholders and the Entitlements of Ineligible Institutional Shareholders were offered and sold to certain institutional investors, was completed on Monday, 18 June 2012. The Institutional Entitlement Offer and Institutional Shortfall Bookbuild together raised A\$266 million. The Institutional Entitlement Offer was conducted at the Offer Price of A\$3.30 and the price determined for the Institutional Shortfall Bookbuild was A\$4.10 (being the amount paid in respect of the Entitlements of A\$0.80 plus the Offer Price of A\$3.30).

This offer booklet (**Retail Offer Booklet**) is in relation to the Retail Entitlement Offer.

The Offer Price represents a 26.5% discount to the closing price of A\$4.49 per Share on Friday, 8 June 2012, the last day on which Shares were traded on the ASX before the Entitlement Offer was announced, and a 23.1% discount to the theoretical ex-rights price (**TERP**)<sup>1</sup> of A\$4.29. New Shares will rank equally with existing Shares in all respects from allotment, including entitlements to dividends.

<sup>1</sup> TERP is the theoretical price at which Echo shares trade immediately after the ex-date for the Entitlement Offer, assuming 100% take-up of the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Echo Shares will trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to Echo's closing price on Friday, 8 June 2012.

# LETTER FROM THE CHAIRMAN

## continued

The Retail Entitlement Offer and associated retail bookbuild (described below) will raise approximately A\$188 million. This Retail Offer Booklet relates to the Retail Entitlement Offer and Entitlements allotted under it (**Retail Entitlements**). This Retail Offer Booklet contains important information about the Retail Entitlement Offer and Echo's business under the following headings:

- Key dates;
- Summary of options available to you;
- Actions required by you;
- Australian taxation considerations;
- ASX announcements (including the Echo Investor Presentation); and
- Important information.

Accompanying this Retail Offer Booklet is your personalised Entitlement and Acceptance Form, which contains details of your Entitlement. Your Entitlement may have value and it is important that you determine whether to take up or do nothing in respect of your Entitlement (refer to Section 1).

The Retail Entitlement Offer closes at 5.00pm (AEST) on Monday, 9 July 2012. To participate in the Retail Entitlement Offer, you need to ensure that you have completed your application by paying Application Monies by BPAY®, or by lodging your Entitlement and Acceptance Form with your Application Monies paid by cheque, bank draft or money order so that they are received before this time in the manner described in this Retail Offer Booklet.

Alternatively, you can visit [www.echoentertainment.com.au](http://www.echoentertainment.com.au) to view and download information relating to the Retail Entitlement Offer, including details of your Entitlement and BPAY® details enabling you to complete electronic payment and to submit an online application.

If you choose to do nothing in respect of all or part of your Entitlement, all or part (as applicable) of your Entitlement will be offered for sale for your benefit through a bookbuild process on Thursday, 12 July and Friday, 13 July 2012 (**Retail Shortfall Bookbuild**). In this case, you will receive any amount paid above the Offer Price of A\$3.30 per New Share (**Retail Premium**), less any applicable withholding tax, in respect of your Entitlements sold to investors in the Retail Shortfall Bookbuild.

Please carefully read this Retail Offer Booklet in its entirety and consult your stockbroker, solicitor, accountant or other professional adviser before making your investment decision. In particular, you should read and consider the "Key risks" section of the Echo Investor Presentation included in Section 4 of this Retail Offer Booklet, which contains a summary of some of the key risks associated with an investment in Echo.

If you have any questions in respect of the Entitlement Offer please call the Echo Offer Information Line on 1300 880 923 (within Australia) or +61 2 8280 7504 (outside Australia) at any time from 8.30am to 7.30pm (AEST) Monday to Friday.

On behalf of the Echo Board, I invite you to consider this opportunity to participate in the Retail Entitlement Offer.

Yours faithfully,



**John O'Neill AO, Acting Chairman**  
Echo Entertainment Group Limited

# Section One

## Summary of options available to you



# 1. SUMMARY OF OPTIONS AVAILABLE TO YOU

If you are an Eligible Retail Shareholder (as defined in Section 5.1) you may take any one of the following actions:

- Take up all or part of your Entitlement; or
- Let all or part of your Entitlement be sold for your benefit into the Retail Shortfall Bookbuild.

If you are a retail shareholder that is not an Eligible Retail Shareholder, you are an Ineligible Retail Shareholder. Ineligible Retail Shareholders will receive the Retail Premium (if any), less any applicable withholding tax, for the sale of Entitlements by a nominee for their benefit through the Retail Shortfall Bookbuild.

Options available to you	Key considerations
1. Take up all or part of your Entitlement	<ul style="list-style-type: none"><li>• You may elect to purchase New Shares at the Offer Price (refer to Section 2.5.1 for instructions on how to take up all or part of your Entitlement)</li><li>• The New Shares will be fully paid and from allotment rank equally in all respects with existing Shares and will be entitled to dividends on the same basis as existing Shares</li><li>• The Retail Entitlement Offer closes at 5.00pm (AEST) on Monday, 9 July 2012</li><li>• If you only take up part of your Entitlement the remaining part will be sold in the Retail Shortfall Bookbuild for your benefit (refer to Option 2)</li></ul>
2. Let all or part of your Entitlement be sold through the Retail Shortfall Bookbuild	<ul style="list-style-type: none"><li>• To the extent you do not take up all of your Entitlement, you authorise the sale of your Entitlements through the Retail Shortfall Bookbuild on Thursday, 12 July and Friday, 13 July 2012 and you will receive the Retail Premium, if any, in respect of these Entitlements (refer to Section 2.5.2). There is no guarantee that there will be any Retail Premium</li><li>• The Australian Taxation Office (ATO) has issued Taxation Ruling TR 2012/1 detailing that in certain circumstances Retail Premiums may be taxed either as a dividend which is unfrankable by the company or as ordinary income. In TR 2012/1 there is an alternate view, which is not supported by the ATO, that any Retail Premium should be taxable in the hands of Eligible Retail Shareholders who hold their existing shares on capital account as a capital gain. However, given the uncertainty surrounding the tax treatment of any Retail Premiums paid, Echo recommends that shareholders seek their own tax advice should they dispose of their Entitlements into the Retail Shortfall Bookbuild (refer to Section 3.2)</li><li>• Entitlements will not be able to be traded on ASX or any other exchange, nor will they be able to be privately transferred</li><li>• You will not incur brokerage costs on any Retail Premium received from the Retail Shortfall Bookbuild</li><li>• By letting all or part of your Entitlement be sold through the Retail Shortfall Bookbuild, you will forgo any exposure to increases or decreases in the value of New Shares not taken up by you and your percentage shareholding in Echo will also be diluted</li><li>• Echo may be required to withhold tax. If you are an Australian tax resident shareholder and you have not previously provided your TFN or ABN to Echo, you may wish to do so prior to the close of the Retail Entitlement Offer to ensure that withholding tax is not deducted from any Retail Premium at the rate of 46.5%. You are able to provide your TFN or ABN online with the Echo Share Registry at <a href="http://www.linkmarketservices.com.au">www.linkmarketservices.com.au</a></li></ul>

# Section Two

## Actions required by you

# 2. ACTIONS REQUIRED BY YOU

## 2.1 OVERVIEW OF THE ENTITLEMENT OFFER

As part of the Entitlement Offer, eligible shareholders are being offered the opportunity to purchase 1 New Share for every 5 existing Shares held as at 7.00pm (AEST) on Monday, 18 June 2012 (**Record Date**), at the Offer Price of A\$3.30 per New Share.

The Entitlement Offer is comprised of four components:

- **Institutional Entitlement Offer** – Eligible Institutional Shareholders (refer to Section 5.2) were given the opportunity to take up all or part of their Entitlement. Entitlements under the Institutional Entitlement Offer (**Institutional Entitlements**) were renounceable;
- **Institutional Shortfall Bookbuild** – Institutional Entitlements not taken up and Entitlements of Ineligible Institutional Shareholders were sold through a bookbuild process which completed on Monday, 18 June 2012 (**Institutional Shortfall Bookbuild**). The amount paid in respect of those Institutional Entitlements was A\$0.80 per Entitlement (**Institutional Premium**). Eligible Institutional Shareholders who elected not to take up all of their Institutional Entitlements, and Ineligible Institutional Shareholders, will receive the Institutional Premium for each Institutional Entitlement sold into the Institutional Shortfall Bookbuild, less any applicable withholding tax;
- **Retail Entitlement Offer** – Eligible Retail Shareholders are given the opportunity to take up all or part of their Entitlement. Entitlements under the Retail Entitlement Offer (**Retail Entitlements**) are renounceable; and
- **Retail Shortfall Bookbuild** – Retail Entitlements that are not taken up by the close of the Retail Entitlement Offer and Entitlements of Ineligible Retail Shareholders will be sold for their benefit through the Retail Shortfall Bookbuild. Any Retail Premium will be remitted proportionally to holders of those Retail Entitlements at the close of the Retail Entitlement Offer, and to Ineligible Retail Shareholders, less any applicable withholding tax. The Retail Premium, if any, is expected to be paid on or about Friday, 20 July 2012.

You have a number of decisions to make in respect of your Entitlement. These decisions may affect the value (if any) that may be received in respect of your Entitlement. You should read this Retail Offer Booklet carefully before making any decisions in relation to your Entitlement.

The Entitlement Offer is fully underwritten by the Underwriters. Further details on the Retail Entitlement Offer and Retail Shortfall Bookbuild are set out below.

## 2.2 THE RETAIL ENTITLEMENT OFFER

Under the Retail Entitlement Offer, Eligible Retail Shareholders are invited to apply for 1 New Share for every 5 existing Shares held as at the Record Date at the Offer Price of A\$3.30 per New Share.

The offer ratio and Offer Price under the Retail Entitlement Offer are the same as for the Institutional Entitlement Offer.

The Retail Entitlement Offer opens at 9.00am (AEST) Monday, 25 June 2012 and will close at 5.00pm (AEST) on Monday, 9 July 2012.

## 2.3 YOUR ENTITLEMENT

Your Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form and has been calculated as 1 New Share for every 5 existing Shares you held as at the Record Date. If the result is not a whole number, your Entitlement will be rounded up to the nearest whole number of New Shares.

If you have more than one registered holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have a separate Entitlement for each separate holding. You can also view details of your Entitlement at [www.echoentertainment.com.au](http://www.echoentertainment.com.au).

New Shares issued under the Retail Entitlement Offer will be fully paid and from allotment rank equally in all respects with existing Shares and will be entitled to dividends on the same basis as existing Shares.

Refer to Sections 5.1 and 5.14 for information on restrictions on participation.

## **2.4 CONSIDER THE RETAIL ENTITLEMENT OFFER CAREFULLY IN LIGHT OF YOUR PARTICULAR INVESTMENT OBJECTIVES AND CIRCUMSTANCES**

The Retail Entitlement Offer is being made pursuant to provisions of the Corporations Act that allow entitlement offers to be made without a prospectus. This Retail Offer Booklet does not contain all of the information that may be required in order to make an informed decision regarding an application for New Shares offered under the Retail Entitlement Offer. As a result, it is important for you to read carefully and understand the information on Echo and the Retail Entitlement Offer made publicly available prior to deciding whether to take up all or part of your Entitlement or do nothing in respect of your Entitlement. In particular, please refer to this Retail Offer Booklet, Echo's interim and annual reports and other information lodged by Echo with ASX as part of its continuous disclosure obligations, available at [www.asx.com.au](http://www.asx.com.au) (including announcements which may be made by Echo after publication of this Retail Offer Booklet).

Please consult with your stockbroker, accountant or other professional adviser if you have any queries or are uncertain about any aspect of the Retail Entitlement Offer. You should also refer to the "Key risks" section of the Echo Investor Presentation included in Section 4 of this Retail Offer Booklet.

## **2.5 CONSIDER THE OPTIONS AVAILABLE TO YOU**

If you are an Eligible Retail Shareholder, you may take one of the following actions. Each of these options may have a materially different outcome on any value you receive in respect of your Entitlement.

- (a) Take up all or part of your Entitlement (refer to Section 2.5.1); or
- (b) Do nothing and let your Entitlement be sold through the Retail Shortfall Bookbuild (refer to Section 2.5.2).

### **2.5.1 If you wish to take up all or part of your Entitlement**

If you wish to take up all or part of your Entitlement, please either:

- Complete and return the personalised Entitlement and Acceptance Form with the requisite Application Monies; or
- Pay your Application Monies via BPAY® by following the instructions set out on the personalised Entitlement and Acceptance Form; or
- Apply and pay online at [www.echoentertainment.com.au](http://www.echoentertainment.com.au)

in each case, by no later than 5.00pm (AEST) on Monday, 9 July 2012.

If you take up and pay for all or part of your Entitlement before the close of the Retail Entitlement Offer, it is expected that you will be issued New Shares on Thursday, 19 July 2012. Echo's decision on the number of New Shares to be issued to you will be final.

Echo also reserves the right (in its absolute discretion) to reduce the number of New Shares issued (or any Retail Premium paid to Eligible Retail Shareholders, or persons claiming to be Eligible Retail Shareholders), if Echo believes their claims to be overstated or if they or their nominees fail to provide information to substantiate their claims to Echo's satisfaction (refer to Section 5.5).

### **2.5.2 If you wish to let some or all of your Entitlement be sold through the Retail Shortfall Bookbuild**

As the Retail Entitlement Offer is renounceable, all Entitlements that you do not exercise by the close of the Retail Entitlement Offer will be offered for sale, for your benefit, through the Retail Shortfall Bookbuild on Thursday, 12 July and Friday, 13 July 2012. You will receive the Retail Premium (if any) in respect of those Entitlements sold through the Retail Shortfall Bookbuild (refer to Section 2.7), less any applicable withholding tax. By allowing your Retail Entitlement to be sold through the Retail Shortfall Bookbuild, your percentage shareholding in Echo will be diluted and you will forego any exposure to increases or decreases in value of New Shares taken up by you.

Entitlements will not be able to be traded on ASX or any other exchange, nor will they be able to be privately transferred.

# 2. ACTIONS REQUIRED BY YOU

## continued

### 2.6 INELIGIBLE RETAIL SHAREHOLDERS

Ineligible Retail Shareholders will receive the Retail Premium (if any) for Entitlements that have been sold for their benefit into the Retail Shortfall Bookbuild, less any applicable withholding tax.

### 2.7 RETAIL SHORTFALL BOOKBUILD

If you choose not to take up all or part of your Entitlement, or if you are an Ineligible Retail Shareholder, you still have the potential opportunity to receive payment for those renounced Retail Entitlements or Entitlements you would otherwise have received had you been eligible to participate in the Retail Entitlement Offer. Echo will arrange for Retail Entitlements that are not taken up by close of the Retail Entitlement Offer, and Entitlements of Ineligible Retail Shareholders, to be offered for sale to certain institutional investors through the Retail Shortfall Bookbuild. Any premium over the Offer Price of A\$3.30 per New Share that may be achieved under the Retail Shortfall Bookbuild will be remitted proportionally to such holders on or about Friday, 20 July 2012, less any applicable withholding tax.

The Retail Shortfall Bookbuild will take place on Thursday, 12 July and Friday, 13 July 2012. The price that will be achieved under the Retail Shortfall Bookbuild (**Clearing Price**) may be equal to or above the Offer Price.

If the Clearing Price is equal to the Offer Price:

- Echo will receive the Offer Price in respect of all New Shares issued under the Retail Shortfall Bookbuild; and
- No cash will be payable to the holders of any renounced Retail Entitlements.

If the Clearing Price is above the Offer Price:

- Echo will receive the Offer Price in respect of all New Shares issued under the Retail Shortfall Bookbuild; and
- The Retail Premium will be paid pro rata to the holders of the renounced Retail Entitlements less any applicable withholding tax.

No assurance or guarantee can be given as to the price that will be achieved under the Retail Bookbuild. The Retail Premium may be zero, in which case no payment will be made to holders of those Retail Entitlements that were sold into the Retail Shortfall Bookbuild. The outcome of the Institutional Shortfall Bookbuild (including the Institutional Premium) is not an indication as to whether there will be a Retail Premium or what any Retail Premium may be.

The ability for Retail Entitlements to be sold for your benefit under the Retail Shortfall Bookbuild and the ability for you to obtain any Retail Premium will depend on various factors, including market conditions. If there is a Retail Premium, it may be less than, more than, or equal to the Institutional Premium.

To the maximum extent permitted by law, Echo, the Underwriters and each of their respective related bodies corporate and affiliates, and each of their respective directors, officers, partners, employees, representatives and agents, disclaim all liability, including for negligence, for any failure to procure a Retail Premium under the Retail Shortfall Bookbuild, for any difference between the Retail Premium and the Institutional Premium and for any failure to obtain any particular exchange rate, or any movements in exchange rates. Echo reserves the right to issue Retail Entitlements and Shares under the Retail Shortfall Bookbuild at its discretion.

Retail Premium amounts (net of any applicable withholding tax), if any, will be paid in Australian dollars either by direct credit into your nominated bank account or by cheque. If you are paid by an Australian dollar cheque it will be sent by ordinary post to your address as recorded on the share register. If you are paid by direct credit, it will be paid into your nominated bank account as noted on Echo's share register. The Retail Premium, if any, is expected to be paid on or about Friday, 20 July 2012.

You should note that if you allow all or part of your Entitlement to be sold into the Retail Shortfall Bookbuild, then you will forgo any exposure to increases or decreases in the value of New Shares not taken up by you and your percentage shareholding in Echo will be diluted by your non-participation in the Retail Entitlement Offer.

## 2.8 PAYMENT

You can pay in the following ways:

- By BPAY®; or
- By cheque, bank draft or money order.

Cash payments will not be accepted. Receipts for payment will not be issued. Echo will treat you as applying for as many New Shares as your payment will pay for in full up to your Entitlement.

Any Application Monies 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 Monies received or refunded.

### **Payment by BPAY®**

For payment by BPAY®, please follow the instructions on the personalised Entitlement and Acceptance Form. 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 personalised Entitlement and Acceptance Form or accessed online at [www.echoentertainment.com.au](http://www.echoentertainment.com.au). 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 should you choose to pay by BPAY®:

- You do not need to submit your personalised Entitlement and Acceptance Form but are taken to make the declarations, representations and warranties on that Entitlement and Acceptance Form and in Section 2.10; and
- If you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY® payment is received by the Echo Share Registry by no later than 5.00pm (AEST) on Monday, 9 July 2012. 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.

### **Payment by cheque, bank draft or money order**

For payment by cheque, bank draft or money order, you should complete your personalised Entitlement and Acceptance Form in accordance with the instructions on the form and return it accompanied by a cheque, bank draft or money order in Australian currency for the amount of the Application Monies, payable to “Echo Entitlement Offer” and crossed “Not Negotiable”.

Your cheque, bank draft or money order must be:

- For an amount equal to A\$3.30 multiplied by the number of New Shares that you are applying for; and
- In Australian currency drawn on an Australian branch of a financial institution. Payment cannot be made in New Zealand dollars. New Zealand resident shareholders must arrange for payment to be made in Australian dollars.

You should ensure that sufficient funds are held in relevant account(s) to cover the Application Monies as your cheque will be processed on the day of receipt. If the amount of your cheque for Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay in full for the number of New Shares you have applied for in your personalised Entitlement and Acceptance Form, you will be taken to have applied for such lower whole number of New Shares as your cleared Application Monies will pay for (and to have specified that number of New Shares on your personalised Entitlement and Acceptance Form) and made the warranties in Section 2.10. Alternatively, your application will not be accepted.

# 2. ACTIONS REQUIRED BY YOU

## continued

### 2.9 MAIL OR HAND DELIVERY

To participate in the Retail Entitlement Offer, your payment must be received no later than the close of the Retail Entitlement Offer, being 5.00pm (AEST) on Monday, 9 July 2012. If you make payment via cheque, bank draft or money order, you should mail or hand deliver your completed personalised Entitlement and Acceptance Form together with Application Monies to:

#### **Mailing Address**

Echo Entertainment Group Limited  
c/- Link Market Services Limited  
GPO Box 3560  
Sydney South NSW 2001

#### **Hand Delivery Address**

(Please do not use this address for mailing purposes)  
Echo Entertainment Group Limited  
c/- Link Market Services Limited  
1A Homebush Bay Drive  
Rhodes NSW 2138

Personalised Entitlement and Acceptance Forms and Application Monies will not be accepted at Echo's registered or corporate offices, or other offices of the Echo Share Registry.

### 2.10 REPRESENTATIONS BY ACCEPTANCE

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY® or otherwise applying to participate, you will be deemed to have represented and warranted on behalf of yourself and each person or account for which you are acting to Echo that you are an Eligible Retail Shareholder and:

- Acknowledge that you have read and understand this Retail Offer Booklet and your personalised Entitlement and Acceptance Form in their entirety;
- Agree to be bound by the terms of the Retail Entitlement Offer, the provisions of this Retail Offer Booklet (including Sections 2.10 and 5.5), and Echo's constitution;
- Authorise Echo to register you as the holder(s) of New Shares allotted to you;
- Declare that all details and statements in the personalised Entitlement and Acceptance Form are complete and accurate;
- Declare you are over 18 years of age and have full legal capacity and power to perform all of your rights and obligations under the personalised Entitlement and Acceptance Form;
- Acknowledge that once Echo receives your personalised Entitlement and Acceptance Form or any payment of Application Monies via BPAY®, you may not withdraw your application or funds provided except as allowed by law;
- Agree to apply for and be issued up to the number of New Shares specified in the personalised Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies via BPAY®, at the Offer Price per New Share;
- Authorise Echo, the Underwriters, the Echo Share Registry and their respective officers or agents to do anything on your behalf necessary for New Shares to be issued to you, including to act on instructions of the Echo Share Registry upon using the contact details set out in your personalised Entitlement and Acceptance Form;
- Declare that you were the registered holder(s) at the Record Date of the Shares indicated on the personalised Entitlement and Acceptance Form as being held by you on the Record Date;
- Acknowledge that the information contained in this Retail Offer Booklet and your personalised Entitlement and Acceptance Form is not investment advice nor a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs;
- Acknowledge that this Retail Offer Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in Echo and is given in the context of Echo's past and ongoing continuous disclosure announcements to ASX;
- Acknowledge the statement of risks in the "Key risks" section of the Echo Investor Presentation contained in Section 4 of this Retail Offer Booklet, and that investments in Echo are subject to risk;
- Acknowledge that none of Echo, the Underwriters, or their respective related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of Echo, nor do they guarantee the repayment of capital;



- Agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Retail Entitlement Offer and of your holding of Shares on the Record Date;
- Authorise Echo to correct any errors in your personalised Entitlement and Acceptance Form or other form provided by you;
- Represent and warrant (for the benefit of Echo, the Underwriters and their respective related bodies corporate and affiliates) that you did not receive an invitation to participate in the Institutional Entitlement Offer either directly or through a nominee, are not an Ineligible Retail Shareholder and no person's Voting Power in Echo will, by your participation in the Retail Entitlement Offer, exceed the Echo Maximum Voting Power and you are otherwise eligible to participate in the Retail Entitlement Offer;
- Represent and warrant that the law of any place does not prohibit you from being given this Retail Offer Booklet and the personalised Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Shares and that you are otherwise eligible to participate in the Retail Entitlement Offer;
- Represent and warrant that you are not in the United States;
- You understand and acknowledge that neither the Entitlements nor New Shares have been, and none of them will be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction in the United States. Neither the Entitlements nor the New Shares may be offered, sold or resold in the United States absent registration or an applicable exemption from the registration requirements of the U.S. Securities Act and the applicable securities laws of any state or other jurisdiction in the United States. You further acknowledge that the Entitlements and the New Shares offered and sold pursuant to the Retail Entitlement Offer may only be offered and sold outside the United States in "offshore transactions" (as defined in Rule 902(h) of Regulation S under the U.S. Securities Act) in compliance with Regulation S under the U.S. Securities Act;
- You are subscribing for or purchasing Entitlements or New Shares in an "offshore transaction" (as defined in Rule 902(h) or Regulation S under the U.S. Securities Act) in compliance with Regulation S under the U.S. Securities Act;
- You 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;
- If in the future you decide to sell or otherwise transfer the New Shares, you will only do so in regular way transactions on the ASX or otherwise where neither you nor any person acting on your behalf know, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States or is acting for the account or benefit of a person in the United States; and
- If you are acting as a nominee or custodian, 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 have not sent this Retail Offer Booklet, the Entitlement and Acceptance Form or any information relating to the Retail Entitlement Offer to any such person.

### Enquiries

If you have not received or you have lost your personalised Entitlement and Acceptance Form, or have any questions, please contact the Echo Offer Information Line on 1300 880 923 (within Australia) or +61 2 8280 7504 (outside Australia). The Echo Offer Information Line will be open from 8.30am to 7.30pm (AEST), Monday to Friday. Alternatively, you can access information about the Retail Entitlement Offer online at [www.echoentertainment.com.au](http://www.echoentertainment.com.au). If you have any further questions, you should contact your stockbroker, accountant or other professional adviser.



# Section Three

## Australian taxation considerations

Set out below is a general summary of the Australian income tax, goods and services tax (**GST**) and stamp duty implications of the Retail Entitlement Offer for Eligible Retail Shareholders.

Neither Echo nor any of its officers or employees, nor its taxation or other advisers, accepts any liability or responsibility in respect of any statement concerning taxation consequences, or in respect of the taxation consequences.

The comments in this section deal only with the Australian taxation implications of the Retail Entitlement Offer if you:

- Are a resident for Australian income tax purposes; and
- Hold your Shares on capital account; and
- Acquired or are taken to have acquired your Shares on or after 20 September 1985.

The comments do not apply to you if you:

- Are not a resident for Australian income tax purposes; or
- Hold your Shares as revenue assets or trading stock (which will generally be the case if you are a bank, insurance company or carry on a business of share trading); or
- Acquired the Shares in respect of which the Retail Entitlements are issued under any employee share scheme or where the New Shares are acquired pursuant to any employee share scheme; or
- Acquired Retail Entitlements otherwise than because you are an Eligible Retail Shareholder.

This taxation summary is necessarily general in nature and is based on the Australian tax legislation and administrative practice in force as at the date of this Retail Offer Booklet. It does not take into account any financial objectives, tax positions or investment needs of Eligible Retail Shareholders. As the taxation implications of the Retail Entitlement Offer will vary depending upon your particular circumstances, you should seek and rely upon your own professional tax advice before concluding on the particular taxation treatment that will apply to you.

### 3.1 ISSUE OF ENTITLEMENTS

The issue of the Retail Entitlements should not, of itself, result in any amount being included in your assessable income.

### 3.2 ENTITLEMENTS SOLD INTO THE RETAIL SHORTFALL BOOKBUILD

Any Retail Entitlements not taken up by you will be sold into the Retail Shortfall Bookbuild for your benefit and any Retail Premium you receive in respect of the Retail Entitlements (after deducting applicable withholding tax) will be remitted as a cash payment to you. You authorise, or will be taken to authorise, the sale of those Entitlements.

The Commissioner of Taxation (**Commissioner**) has recently released Taxation Ruling TR 2012/1 “Retail Premiums paid to shareholders where share entitlements are not taken up or are not available” where the Commissioner ruled that certain retail premiums are assessable as either an unfranked dividend or as ordinary income, and not as capital gains.

As previously noted, Retail Entitlements that are not taken up by Eligible Retail Shareholders will be sold for their benefit via the Retail Shortfall Bookbuild.

The Commissioner’s views are outlined in Taxation Ruling TR 2012/1 and Eligible Retail Shareholders need to be aware that the Commissioner may seek to apply the tax treatment specified in TR 2012/1 to Retail Entitlements sold via the Retail Shortfall Bookbuild. In accordance with TR 2012/1 the Retail Premium paid to shareholders is considered to be an assessable amount either as a dividend which is unfrankable or as ordinary income.

There is an alternate view outlined in TR 2012/1 that any Retail Premium received by Eligible Retail Shareholders should be treated as capital proceeds for the Retail Entitlements sold for their benefit via the Retail Shortfall Bookbuild. This alternate view is not supported by the Commissioner in TR 2012/1 on the basis of the features of the scheme as assumed in that ruling.

# 3. AUSTRALIAN TAXATION CONSIDERATIONS

If this position was taken by an Eligible Retail Shareholder, the following tax treatment should apply:

- Eligible Retail Shareholders whose Retail Entitlements are sold into the Retail Shortfall Bookbuild should derive a capital gain for CGT purposes equal to the amount of the Retail Premium received (assuming no eligible incidental costs are incurred); and
- Eligible Retail Shareholders who are individuals, complying superannuation entities or trustees that have held their existing Shares for at least 12 months prior to the date Entitlements are sold into the Retail Shortfall Bookbuild should be entitled to the CGT discount (refer to Section 3.2 above) in respect of any capital gain resulting from the sale of those Entitlements for their benefit (after the application of any current year or carry forward capital losses).

Given the uncertainty surrounding the tax treatment of Retail Premiums, Echo recommends that you seek your own tax advice if you propose to allow your Retail Entitlements to be sold into the Retail Shortfall Bookbuild.

If you are an Australian tax resident shareholder, and you have not previously provided your TFN or ABN to Echo, you may wish to do so prior to the close of the Retail Entitlement Offer to ensure that withholding tax is not deducted from any Retail Premium payable to you at the rate of 46.5%. You are able to provide your TFN or ABN online with the Echo Share Registry at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au). When providing your details online, you will be required to enter your Security Reference Number or Holder Identification Number as shown on your Issuer Sponsored/CHES statements and other personal details such as your postcode.

## 3.3 EXERCISE OF RETAIL ENTITLEMENTS

No income tax or capital gains tax liability will arise for you on the exercise (i.e. taking up) of your Entitlements.

If you take up all or part of your Retail Entitlements, you will acquire New Shares. The cost base for CGT purposes of each New Share will be equal to the Offer Price for those New Shares plus certain non-deductible incidental costs you incur in acquiring them.

New Shares will be taken to have been acquired on the day you exercise the Retail Entitlements.

## 3.4 DIVIDENDS ON NEW SHARES AS A RESULT OF ENTITLEMENTS TAKEN UP

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.

## 3.5 DISPOSAL OF NEW SHARES

The disposal of a New Share will constitute a disposal for CGT purposes.

On disposal of a New Share, you will make a net capital gain if the capital proceeds on disposal exceed the total cost base of the New Share. You will make a net capital loss if the capital proceeds are less than the total reduced cost base of the New Share. The cost base of New Shares is described above in Section 3.3.

Individuals, trustees or complying superannuation entities that have held New Shares for 12 months 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 trustees and 33<sup>1</sup>/<sub>3</sub>% for complying superannuation entities.

New Shares will be treated for the purposes of the CGT discount as having been acquired when you exercise your Retail Entitlements. Accordingly, in order to be eligible for the CGT discount, the New Shares must be held for at least 12 months after the date that you exercised your Retail Entitlements.

If you make a capital loss, you can only use that loss to offset other capital gains from other sources; i.e. the capital loss cannot be used against taxable income on revenue account. However, if the capital loss cannot be used in a particular income year it can be carried forward to use in future income years, providing certain tests are satisfied.

### 3.6 TAXATION OF FINANCIAL AGREEMENTS (TOFA)

The TOFA provisions operate to make assessable, or deductible, gains or losses arising from certain “financial arrangements” (importantly, the CGT discount is not available for any gain that is subject to the TOFA provisions).

The TOFA provisions should not generally apply on a mandatory basis for the following taxpayers:

- Individuals;
- Superannuation funds and “managed investment schemes” if the value of their assets is less than A\$100 million; or
- Other taxpayers whose aggregated turnover (having regard to the turnover of connected entities or affiliates) is less than A\$100 million, the value of their assets is less than A\$300 million, and the value of their financial assets is less than A\$100 million.

Taxpayers who are not automatically subject to TOFA can elect to be subject to TOFA on a voluntary basis.

Shareholders who are subject to TOFA should obtain their own tax advice as the precise implications under TOFA (if any) will depend on their facts and circumstances and in particular what elections they may have made.

### 3.7 OTHER AUSTRALIAN TAXES

No GST or stamp duty will be payable by you in respect of the issue, sale or taking up of Retail Entitlements or the acquisition of New Shares.

# Section Four

## ASX announcements:

- Echo Entitlement Offer launch announcement
- Echo Investor Presentation
- Echo Institutional Entitlement Offer completion announcement

# ASX ANNOUNCEMENT

ECHO ENTERTAINMENT GROUP



NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

14 June 2012

## ECHO ENTERTAINMENT GROUP LIMITED TO CONDUCT A \$454 MILLION

### 1 FOR 5 ACCELERATED RENOUNCEABLE ENTITLEMENT OFFER

Echo Entertainment Group Limited ("**Echo**" or the "**Company**") today announced a fully underwritten 1 for 5 accelerated renounceable entitlement offer of new Echo ordinary shares ("**New Shares**") at an offer price of \$3.30 per New Share ("**Offer Price**") to raise approximately \$454 million ("**Entitlement Offer**").

Echo's ordinary shares will remain in trading halt until Monday, 18 June 2012.

Echo's Managing Director and CEO, Larry Mullin, said "the Entitlement Offer announced today will reduce gearing, help ensure a more appropriate capital structure and maintain financial flexibility for the Company.

The International Rebate Business ("**IRB**") provides a large growth opportunity for Echo both through improved market share and underlying volume growth. The IRB has seen continued pleasing growth, with customer front money up approximately 60% in the 11 months to 31 May 2012."

### Echo update<sup>1</sup>

As announced to the market on 31 May 2012, trading conditions have remained difficult in 2H12 with revenues negatively affected by soft consumer sentiment and volatility in IRB revenues.

For the year ended 30 June 2012, Echo expects to report:

	Before significant items	After significant items
Expected Normalised EBITDA	\$380-390m	\$302-312m
Expected Statutory EBITDA	\$348-393m	\$270-315m

<sup>1</sup> All FY12 numbers are estimates only and have not been audited. Please refer to the Important Information in this announcement for more detail, and to page 13 of the "Echo Entertainment market update and equity capital raising" presentation lodged with ASX today Thursday, 14 June 2012 for the basis of assumptions underlying the FY12 numbers

# 4. ASX ANNOUNCEMENTS

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The range in expected Statutory EBITDA is due to the potential range of win rates in the IRB in June 2012.

Echo's dividend policy has been amended to now reflect an intention to pay dividends equal to 50% of statutory net profit after tax. The final dividend for FY12 is subject to a Board resolution post 30 June 2012.

### Use of proceeds raised under the Entitlement Offer

The proceeds from the Entitlement Offer (less associated costs) will be used to repay debt and provide a revised capital structure that the Board believes is appropriate given growth in the IRB.

In conjunction with the Entitlement Offer, Echo is in discussions with its banks and US Private Placement ("USPP") Noteholders to modify the terms of its debt facilities:

- Echo has agreed with its banks to modify the terms of its Syndicated Bank Facility and the facility is expected to continue, subject to compliance with the terms and conditions of the facility;
- Echo remains in discussions with the USPP Noteholders to modify the terms of the USPP Notes:
  - If Echo reaches agreement with the USPP Noteholders to modify the terms of the USPP Notes on terms satisfactory to each party by 28 June 2012 (AEST), the Entitlement Offer proceeds (less associated costs) will be applied to reduce the amount drawn on the Syndicated Bank Facility ("**Scenario 1**");
  - If Echo does not reach agreement to modify the terms of the USPP Notes on terms satisfactory to each party by 28 June 2012 (AEST), Echo will issue a notice to redeem the USPP Notes and the Entitlement Offer proceeds (less associated costs) will be used to repay the USPP Notes and associated costs ("**Scenario 2**").

Echo has received a commitment from a bank to provide a A\$350 million bridge debt facility to provide additional debt funding to repay the USPP Notes.

### Crown Group to participate in Entitlement Offer

A subsidiary of Crown Limited, Pennwin Pty Ltd ("**Crown**"), has a direct shareholding of approximately 10% in Echo. Echo has been advised by Crown that, on the basis that the Entitlement Offer proceeds as announced, it intends to take up its Entitlement in full. This will

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# ASX ANNOUNCEMENT

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be settled with the retail component of the Offer to ensure that Crown does not have voting power in Echo in excess of 10% (being the applicable limit under the Echo constitution).

## Entitlement Offer details

The Entitlement Offer is renounceable and comprises an accelerated institutional component ("**Institutional Entitlement Offer**") and a retail component ("**Retail Entitlement Offer**"). New Shares issued under the Entitlement Offer will rank equally with existing Echo ordinary shares in all respects.

The Offer Price of \$3.30 per New Share represents a:

- 26.5% discount to the closing price of Echo shares on Friday, 8 June 2012, being the last trading day of Echo ordinary shares prior to this release; and
- 23.1% discount to the theoretical ex-rights price ("**TERP**")<sup>2</sup>.

Eligible shareholders will be able to purchase 1 New Share for every existing 5 Echo shares ("**Entitlement**") held on the record date of 7:00pm (AEST) on Monday, 18 June 2012 ("**Record Date**").

Key dates of the Entitlement Offer are provided in the Appendix to this announcement.

## Institutional Entitlement Offer

Eligible institutional shareholders in selected jurisdictions will be invited to participate in the Institutional Entitlement Offer which will take place from Thursday, 14 June 2012 to Friday, 15 June 2012.

However, eligible institutional shareholders will not be able to participate in the Institutional Entitlement Offer if by such participation any person's **Voting Power**<sup>3</sup> in Echo will exceed 10%, being the applicable limit under the constitution of Echo (such institutional shareholders are "**Non-participating Shareholders**").

Any such Non-participating Shareholders will be entitled to participate in the Retail Entitlement Offer (that is, by choosing to take up all, part or none of their Entitlements)

<sup>2</sup> TERP is the theoretical price at which shares in Echo should trade immediately after the ex-date of the Entitlement Offer. The TERP is a theoretical calculation only and the actual price at which shares in Echo trade immediately after the ex-date of the Entitlement Offer will depend on many factors and may not be equal to the TERP. The TERP is calculated by reference to Echo's closing price of \$4.49 per share on Friday, 8 June 2012, being the last trading day prior to the announcement of the Entitlement Offer

<sup>3</sup> "Voting Power" has the meaning given to it in section 610 of the Australian Corporations Act, 2001 Cth.



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provided that its participation in the Retail Entitlement Offer will not cause any person's Voting Power to exceed 10%.

It is the responsibility of institutional shareholders to inform themselves of the eligibility criteria for exercise of Entitlements. In the event that institutional shareholders (other than Non-participating Shareholders) are not able to, or do not, take up Entitlements in the Institutional Entitlement Offer, those Entitlements will be sold for their benefit in the institutional shortfall bookbuild and the institutional shareholders may receive no value for them.

Entitlements not taken up by eligible institutional shareholders and Entitlements of ineligible institutional shareholders not entitled to participate in the Institutional Entitlement Offer, will be sold for the benefit of such institutional shareholders through the institutional shortfall bookbuild on Monday, 18 June 2012 ("**Institutional Shortfall Bookbuild**"). If the price set under the Institutional Shortfall Bookbuild exceeds the Offer Price, the difference between the two amounts will be paid to those shareholders net of withholding tax ("**Institutional Premium**") on a pro rata basis in respect of the number of Entitlements that were sold for their benefit in the Institutional Shortfall Bookbuild. There is no guarantee that there will be any Institutional Premium. Institutional Entitlements cannot be traded on ASX.

### Retail Entitlement Offer

Eligible retail shareholders will be invited to participate in the Retail Entitlement Offer at the same Offer Price and offer ratio as the Institutional Entitlement Offer. The Retail Entitlement Offer will open on Monday, 25 June 2012 and close at 5.00pm (AEST) on Monday, 9 July 2012.

The Entitlements under the Retail Entitlement Offer may only be exercised by eligible retail shareholders, being persons who:

- are registered holders of Echo ordinary shares at 7:00pm (AEST) on Monday, 18 June 2012;
- have a registered address on the Echo share register in Australia or New Zealand;
- are not in the United States and are not U.S. Person (as defined in Rule 902(k) of Regulation S under the Securities Act of 1933) or acting for the account or benefit of a U.S. Person;
- were either:

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- not invited to participate (other than as a nominee in respect of other underlying holdings) in the Institutional Entitlement Offer; or
- invited to participate in the Institutional Entitlement Offer but did not warrant that their participation in (including the issue of New Shares pursuant to their application under) the Institutional Entitlement Offer will not cause any person to have voting power in Echo which exceeds 10% (being the applicable limit under the constitution of Echo), and were not treated as ineligible institutional shareholders under the Institutional Entitlement Offer; and
- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

It is the responsibility of retail shareholders to inform themselves of the eligibility criteria for exercise of Entitlements. Further details on eligibility criteria to exercise Entitlements will be included in the retail offer booklet to be lodged with ASX on or about Monday, 25 June 2012.

Entitlements not taken up by eligible retail shareholders and Entitlements of ineligible retail shareholders not entitled to participate in the Retail Entitlement Offer, will be sold for the benefit of such retail shareholders through the retail shortfall bookbuild on Thursday, 12 July 2012 (after market close) and Friday, 13 July 2012 (before market open) ("**Retail Shortfall Bookbuild**"). If the price set under the Retail Shortfall Bookbuild exceeds the Offer Price, the difference between the two amounts will be paid to those shareholders net of withholding tax ("**Retail Premium**") on a pro rata basis in respect of the number of Entitlements that were sold for their benefit in the Retail Shortfall Bookbuild. There is no guarantee that there will be any Retail Premium. Retail Entitlements cannot be traded on ASX.

Further details about the Retail Entitlement Offer, including restrictions on eligibility to exercise Entitlements, will be set out in the retail offer booklet, which Echo expects to lodge with ASX on or about Monday, 25 June 2012.

## **10% shareholder limit**

No application, acceptance, formal bids or other commitments will be accepted, and no allocations or allotments will be made to any shareholder or institutional investor, under the Entitlement Offer (including the Institutional Shortfall Bookbuild and the Retail Shortfall Bookbuild), if their participation in the Entitlement Offer (including the issue of New Shares pursuant to their application) would cause any person to have voting power which exceeds 10%, being the applicable limit under the constitution of Echo.

# 4. ASX ANNOUNCEMENTS

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### Shareholder enquiries

Retail shareholders who have questions regarding the Retail Entitlement Offer should call the Echo Offer Shareholder Information Line on 1300 880 923 (local call cost within Australia) or +61 2 8280 7504 (from outside Australia) at any time from 8.30am to 7.30pm (AEST) Monday to Friday during the Retail Entitlement Offer period, or consult their stockbroker, accountant or other independent professional adviser.

### Important Information

This release does not constitute an offer to sell, or the solicitation of an offer to buy, securities in the United States or in any other jurisdiction in which such an offer would be illegal. This release 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. In particular, neither the Entitlements nor the New Shares have been, and none of them will be, registered under the U.S. Securities Act of 1933 (the "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 to, directly or indirectly, persons in the United States, except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. This release includes "forward-looking statements" within the meaning of securities laws. These forward looking statements can generally be identified by the use of forward-looking terminology such as "may", "will", "expect", "anticipate", "estimate", "plan", "intend", "believe", "continue", "objective", "outlook", "guidance" or other similar words and include statements regarding certain plans, strategies and objectives of management and expected financial performance. Any forward-looking statements involve known and unknown risks, uncertainties and other factors including significant regulatory, business, competitive and economic uncertainties, risks and contingencies, many of which are outside the control of Echo and its officers, employees, agents or associates, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. No representation, warranty or assurance (express or implied) is given or made in relation to any forward looking statement by any person. In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in this release will actually occur. Actual results, performance or achievement may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Given these uncertainties, readers are cautioned to not place undue reliance on forward-looking statements and Echo assumes no obligation to update such information. The forward-looking statements in this release speak only as of the date of this release. Subject to any continuing obligations under applicable law or any relevant ASX listing rules, Echo disclaims any obligation or undertaking to provide any updates or revisions to any forward-looking statements in this release to reflect any change in expectations in relation to any forward-looking statements or any change in events, conditions or circumstances on which any such statement is based. Nothing in this release will under any circumstances create an implication that there has been no change in the affairs of Echo since the date of this release.

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## Appendix – Key dates for the Entitlement Offer

Event	Date
Announcement and Entitlement Offer opens	Thursday, 14 June
Institutional Entitlement Offer closes	Friday, 15 June
Institutional Shortfall Bookbuild opening	Monday, 18 June
Institutional Shortfall Bookbuild closing	Monday, 18 June
Trading halt lifted	Monday, 18 June
Record date (7:00pm)	Monday, 18 June
Retail Entitlement Offer opens	Monday, 25 June
Institutional Entitlement Offer settlement	Friday, 29 June
Allotment of shares under the Institutional Entitlement Offer and Institutional Shortfall Bookbuild	Monday, 2 July
Retail Entitlement Offer closes	Monday, 9 July
Retail Shortfall Bookbuild opens	Thursday, 12 July
Retail Shortfall Bookbuild closes	Friday, 13 July
Retail Entitlement Offer and Retail Shortfall Bookbuild settlement	Wednesday, 18 July
Retail Entitlement Offer and Retail Shortfall Bookbuild allotment	Thursday, 19 July
Holding statements of New Shares despatched, New Shares issued under the Retail Entitlement Offer commence normal settlement trading	Friday, 20 July

Note: The above timetable is indicative only and subject to change. Echo reserves the right to amend any or all of these events, dates and times subject to the Corporations Act 2001 (Cth), the Australian Securities Exchange ("ASX") Listing Rules and other applicable laws. In particular, Echo reserves the right to extend the closing date of the offers, to accept late applications either generally or in particular cases or to withdraw the offers without prior notice. The commencement of quotations of New Shares is subject to confirmation from ASX. All references in announcement are to AEST.

# 4. ASX ANNOUNCEMENTS

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## Echo Entertainment market update and equity capital raising

14 June 2012

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## Disclaimer

This investor presentation (Presentation) has been prepared by Echo Entertainment Group Limited (ABN 85 149 629 023) (Echo). This Presentation has been prepared in relation to a pro rata accelerated renounceable entitlement offer of new Echo ordinary shares (New Shares), to be made to eligible institutional shareholders of Echo (Institutional Entitlement Offer) and eligible retail shareholders of Echo (Retail Entitlement Offer), under section 708AA of the Corporations Act 2001 (Cth) (Corporations Act) as modified by Australian Securities & Investments Commission (ASIC) class order o8/35 (together, the Entitlement Offer).

### Summary information

This Presentation contains summary information about Echo, its subsidiaries and their activities, which is current as at the date of this Presentation. The information in this Presentation is of a general nature and does not purport to be complete nor does it contain all the information which a prospective investor should consider when making an investment decision or that would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act. This Presentation should be read in conjunction with Echo'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).

### Not an offer

This Presentation is not a prospectus, product disclosure statement or other offering document under Australian law (and will not be lodged with ASIC) or any other law. This Presentation is for information purposes only and is not an invitation or offer of securities for subscription, purchase or sale in any jurisdiction. Any decision to purchase New Shares in the Retail Entitlement Offer must be made on the basis of the information to be contained in a separate retail offer booklet to be prepared and issued to eligible investors (Retail Offer Booklet). The Retail Offer Booklet for the Retail Entitlement Offer will be available following its lodgement with ASX. Any eligible retail shareholder who wishes to participate in the Retail Entitlement Offer should consider the Retail Offer Booklet in deciding to apply under that 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 application form which will accompany it. This Presentation does not constitute investment or financial product advice or any recommendation to acquire entitlements or New Shares and does not and will not form any part of any contract for the acquisition of entitlements or New Shares.

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## Future performance

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”, “consider”, “forecast”, “aim”, “will” and 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 as are statements in this Presentation regarding the conduct and outcome of the Entitlement Offer, the use of proceeds and Echo’s debt. You are cautioned not to place undue reliance on forward-looking statements. While due care and attention has been used in the preparation of forward-looking statements, the statements, opinions and estimates in this Presentation, are based on assumptions and contingencies subject to change without notice, as are statements about market and industry trends, projections, guidance and estimates.

The forward-looking statements contained in this Presentation are not guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of Echo, and may involve significant elements of subjective judgement and assumptions as to future events, which may or may not be correct. Refer to the Key risk factors section of this Presentation for a summary of certain general and Echo specific risk factors that may affect Echo. Actual results, performance or achievements may vary materially from forward-looking statements and the assumptions on which such statements are based. Investors should consider the forward-looking statements contained in this Presentation in light of those disclosures. The forward-looking statements are based on information available to Echo as at the date of this Presentation. Except as required by law or regulation (including the ASX Listing Rules), Echo undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

## Past performance

Investors should note that past performance, including past share price performance and pro-forma historical information in this Presentation is given for illustrative purposes only and cannot be relied upon as an indicator of (and provides no guidance as to) future Echo performance including future share price performance. This historical information includes pro-forma historical information which is not represented as being indicative of Echo’s views on its future financial condition and/or performance. The historical information in this Presentation is, or is based upon, information that has been released to ASX.

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## Not investment advice

Each recipient of this Presentation should make its own enquiries and investigations regarding all information in this Presentation including but not limited to the assumptions, uncertainties and contingencies which may affect future operations of Echo and the impact that different future outcomes may have on Echo. This Presentation has been prepared without taking account of any person’s objectives, financial situation or particular needs. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek legal, accounting and taxation advice appropriate to their jurisdiction. Echo is not licensed to provide financial product advice in respect of Echo shares. Cooling off rights do not apply to the acquisition of New Shares under the Entitlement Offer.

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# 4. ASX ANNOUNCEMENTS

## Disclaimer

### Investment risk

An investment in Echo shares is subject to known and unknown risks, some of which are beyond the control of Echo, including possible loss of income and principal invested. Echo does not guarantee any particular rate of return or the performance of Echo nor does it guarantee the repayment of capital from Echo or any particular tax treatment. Investors should have regard to the risk factors outlined in this Presentation when making their investment decision.

### Financial data

All dollar values are in Australian dollars (A\$) unless otherwise stated. Investors should note that this Presentation contains a pro-forma balance sheet for Echo as at 31 December 2011 to reflect the effect of the equity raising. Such pro-forma financial information has been prepared by Echo in accordance with the measurement and recognition requirements, but not the disclosure requirements, of applicable accounting standards and other mandatory reporting requirements in Australia. Applicable accounting standards are those required to determine EBITDA. This is considered the most appropriate measure of profitability for a trading update, as it is consistent with the profitability measures used on a monthly basis to manage the business. Investors should also note that the pro-forma financial information does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the US Securities and Exchange Commission. Financial data is presented at actual foreign exchange rates 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 calculations of these figures may differ from figures set out in this Presentation.

Unless specifically indicated in this Presentation, and except for financial information of Echo for the half year ended 31 December 2011 which was reviewed by Ernst & Young, the financial information contained in this Presentation has not been audited, examined or otherwise reviewed in accordance with Australian Auditing Standards.

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## Agenda

1. Executive summary
2. Market update
3. Entitlement offer
4. Use of proceeds
5. Summary of key risks
6. Q&A

### Appendices

- A. Key risks
- B. International selling restrictions
- C. Restrictions on eligibility to exercise entitlements
- D. Glossary

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# 1. Executive summary

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## Executive summary

<i>Market update<sup>1</sup></i>	<ul style="list-style-type: none"> <li>As announced to the market on 31 May 2012, trading conditions have remained difficult in 2H12 with revenues negatively affected by soft consumer sentiment and volatility in IRB revenues</li> <li>Echo expects to report Normalised EBITDA<sup>2</sup> of \$380–390m (before significant items of \$78m) and Statutory EBITDA (after significant items) of \$270–315m for the year ending 30 June 2012           <ul style="list-style-type: none"> <li>Expected range in Statutory EBITDA due to the potential range of win rates in the IRB in June</li> </ul> </li> </ul>
<i>Equity raising</i>	<ul style="list-style-type: none"> <li>Fully underwritten pro-rata accelerated renounceable Entitlement Offer to raise gross proceeds of approximately \$454m           <ul style="list-style-type: none"> <li>Entitlements offered on a 1-for-5 basis at \$3.30 per share (approximately 138m new shares) to eligible shareholders in selected jurisdictions</li> </ul> </li> <li>Echo has been advised by Crown that, on the basis the Entitlement Offer proceeds as announced, it intends to take up its entitlement in full. This will be settled with the retail component of the offer to ensure that Crown complies with Echo's 10% shareholder cap restriction<sup>3</sup></li> </ul>

## Notes:

- All FY12 numbers are estimates only and have not been audited. Please refer to the Disclaimer in this presentation for more detail, and to page 13 for the basis of assumptions underlying the FY12 numbers
- Normalised EBITDA is based on normalised revenue, which is calculated using an average win rate and average number of turns of front money experienced over the last 5 years in the IRB, calculated on a rolling basis ending 30 June 2012. Please refer to page 13 for the basis of this assumption
- Crown does not directly hold shares in Echo, they are held through a wholly owned subsidiary, Pennwin Pty Ltd

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# 4. ASX ANNOUNCEMENTS

## Executive summary

### *Use of proceeds*

- The proceeds from the Entitlement Offer (less associated costs) will be used to repay debt and provide a revised capital structure that the Board believes is appropriate given growth in the IRB
- In conjunction with the Entitlement Offer, Echo is in discussions with its banks and USPP Noteholders to modify the terms of its debt facilities
  - Echo has agreed with its banks to modify the terms of its Syndicated Bank Facility and the facility is expected to continue, subject to compliance with the terms and conditions of the facility
  - Echo remains in discussions with the USPP Noteholders to modify the terms of the USPP Notes:
    - If Echo reaches agreement with the USPP Noteholders to modify the terms of the USPP Notes on terms satisfactory to each party by 28 June 2012 (AEST), the Entitlement Offer proceeds (less associated costs) will be applied to reduce the amount drawn on the Syndicated Bank Facility ("Scenario 1")
    - If Echo does not reach agreement to modify the terms of the USPP Notes on terms satisfactory to each party by 28 June 2012 (AEST), Echo will issue a notice to redeem the USPP Notes and the Entitlement Offer proceeds (less associated costs) will be used to repay the USPP Notes and associated costs ("Scenario 2")
- Echo has received a commitment from a bank to provide a A\$350m bridge debt facility to provide additional debt funding to repay the USPP Notes

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## 2. Market update

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## FY12 guidance<sup>1</sup>

For the year ending 30 June 2012, Echo expects to report:

	Before significant items	After significant items
Expected Normalised EBITDA	\$380–390m	\$302–312m
Expected Statutory EBITDA	\$348–393m	\$270–315m

- Under Scenario 1, the net cash cost associated with the repayment of debt (excluding principal) is estimated to be approximately \$4m, and the net after tax cost is estimated to be approximately \$3m. Under Scenario 2, the net cash cost associated with the make-whole payment, the settlement of the CCIRS and the repayment of debt (excluding principal) is estimated to be approximately \$39m, and the net after tax cost is estimated to be approximately \$62m. None of these amounts have been taken into account in calculating the expected EBITDA set out in the table above
- Statutory EBITDA range due to the potential range of win rates in the IRB in June
- FY12 capex expected to be between \$340m and \$350m
- Dividend policy amended to now reflect an intention to pay dividends equal to 50% of statutory net profit after tax. The final dividend for FY12 is subject to a Board resolution post 30 June 2012

Note:

- All FY12 numbers are estimates only and have not been audited. Please refer to the Disclaimer in this presentation for more detail, and to page 13 for the basis of assumptions underlying the FY12 numbers

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## FY12 guidance<sup>1</sup>

Key EBITDA drivers	FY12 Expected vs. FY11 <sup>2</sup>	Commentary
IRB revenue <sup>3</sup>	IRB Statutory revenue: up 2.3–18.4% • Actual IRB front money: up 62% • IRB win rate: down 0.45% IRB Normalised revenue: up 55.4%	<ul style="list-style-type: none"> <li>IRB has experienced significant volume growth</li> <li>Revenue has been impacted by a low win rate</li> </ul>
Non-IRB revenue <sup>3</sup>	Total Echo: up 3.9% • The Star: up 6.3% • Queensland: up 1.0%	<ul style="list-style-type: none"> <li>Deterioration due to softening in consumer sentiment from January to April</li> <li>Revenue growth has since improved in May and June to date</li> <li>Win rate in 2H12 lower than 1H12</li> </ul>
Operating expenses (before significant items)	Total Echo operating expenses (before significant items): up 9.4% as a result of expansion of The Star	<ul style="list-style-type: none"> <li>Cost management program has been implemented</li> </ul>
Significant items	Significant items incurred in FY12 • The Star pre-opening expenses: \$38m • Cost management program: \$10m • SilkStar related costs: \$30m	<ul style="list-style-type: none"> <li>Significant items totalled \$78m in FY12 vs. \$9m in FY11</li> </ul>

Notes:

- All FY12 numbers are estimates only and have not been audited. Please refer to the Disclaimer in this presentation for more detail, and to page 13 for the basis of assumptions underlying the FY12 numbers
- All numbers are Statutory unless otherwise stated
- This represents gross revenue which is before player rebates, promotional allowances and commissions to third parties

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# 4. ASX ANNOUNCEMENTS

## FY12 guidance – underlying assumptions

- The FY12 guidance has been prepared by the Directors based on an assessment of present economic and operating conditions and on a number of best estimate assumptions regarding future events and actions
- This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, but is not intended to be a representation that the assumptions will occur
- Directors believe the best estimate assumptions when taken as a whole to be reasonable at the time of preparing this presentation, however investors should be aware that the timing of actual events and the magnitude of their impact might differ

FY12 guidance is based on the following:

- Statutory
  - 11 months of actual results to 31 May 2012 based on management reporting
  - 1 month of expected trading, with an expected EBITDA range of \$45m applied to represent the potential range of win rates in the IRB in June:
    - **IRB revenue:** targeted front money has been normalised for 5 year average turns and win rate, of 15.6x and 1.54% respectively (as at 30 June 2011)
    - **Gaming revenue (excluding IRB):** forecast volume and win rate based on historical track record
    - **Non-gaming revenue:** based on current trends and the marketing and events calendar
    - **Operating expenditure:** required cost to operate each property to meet expected demand
- Normalised
  - As above except for IRB revenue which has been normalised for 5 year average turns and win rate of 14.2x and 1.62% respectively (expected at 30 June 2012) over the course of the year

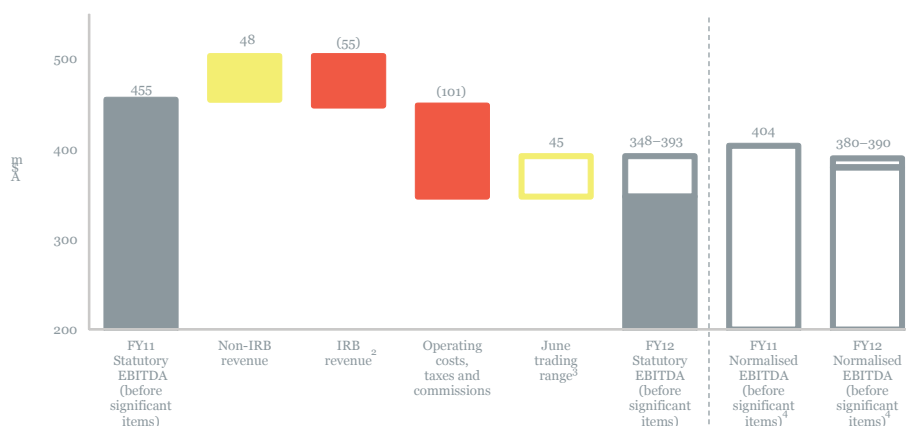
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## Key drivers of FY12 guidance vs. FY11

FY12 expected Statutory EBITDA before significant items (A\$m)<sup>1</sup>



Notes:

1. Under Scenario 1, the net cash cost associated with the repayment of debt (excluding principal) is estimated to be approximately \$4m, and the net after tax cost is estimated to be approximately \$3m. Under Scenario 2, the net cash cost associated with the make-whole payment, the settlement of the CCIRS and the repayment of debt (excluding principal) is estimated to be approximately \$39m, and the net after tax cost is estimated to be approximately \$62m. None of these amounts have been taken into account in calculating the expected EBITDA above
2. Represents net revenue
3. June 2012 Statutory EBITDA (before significant items) is expected to be between \$10m to \$55m (therefore the range for the month is \$45m). As at 11 June 2012 MTD, gross revenue is \$17m behind the expected result for the month
4. Normalised EBITDA is based on normalised revenue, which is calculated using an average win rate and average number of turns of front money experienced over the last 5 years in the IRB, calculated on a rolling basis ending 30 June. Please refer to page 13 for the basis of this assumption

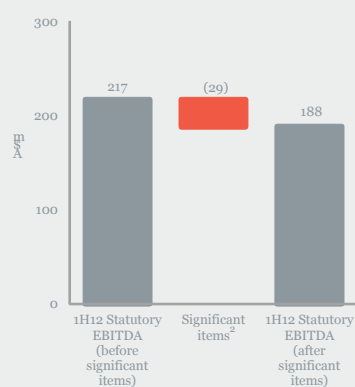
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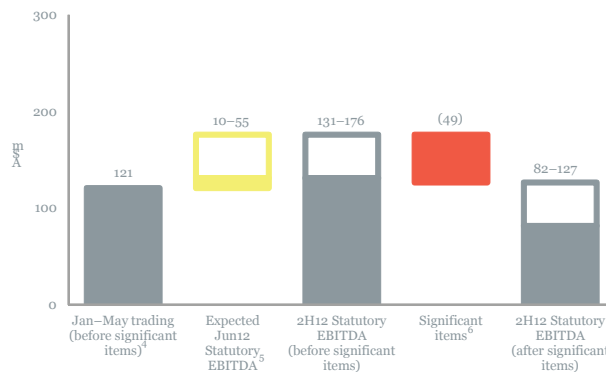
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## Key drivers of FY12 guidance

**1H12 Statutory EBITDA (A\$m)<sup>1</sup>**



**2H12 expected Statutory EBITDA<sup>3</sup> (A\$m)**



June estimate takes into account a range of potential win rates for the IRB in June

**Notes:**

1. Extracted from half year accounts
2. Significant items relate to pre-opening expenses
3. Under Scenario 1, the net cash cost associated with the repayment of debt (excluding principal) is estimated to be approximately \$4m, and the net after tax cost is estimated to be approximately \$3m. Under Scenario 2, the net cash cost associated with the make-whole payment, the settlement of the CCIRS and the repayment of debt (excluding principal) is estimated to be approximately \$39m, and the net after tax cost is estimated to be approximately \$62m. None of these amounts have been taken into account in calculating the expected EBITDA above
4. Trading from 1 Jan to 31 May 2012
5. June 2012 EBITDA (before significant items) is expected to be between \$10m to \$55m (therefore the range for the month is \$45m). As at 11 June 2012 MTD, gross revenue is \$17m behind the expected result for the month
6. Significant items comprise: pre-opening expenses (\$9m); SilkStar related costs (\$30m) and the provision for the cost management program (\$10m)

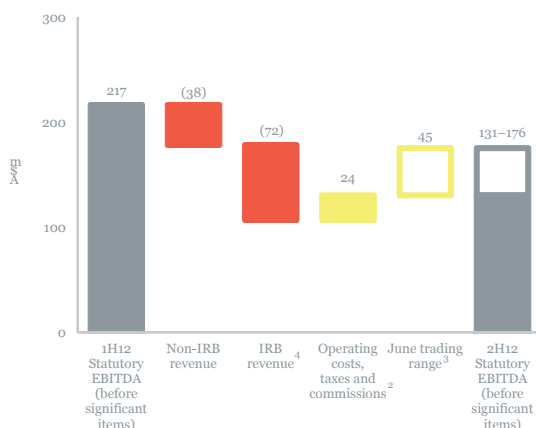
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## 2H12 expected Statutory EBITDA before significant items

**2H12 expected Statutory EBITDA before significant items (A\$m)<sup>1</sup>**



**Notes:**

1. Based on 6 months of actual results to 31 May 2012 based on management reporting and one month expected, with the expected trading range for June 2012 based on the range of potential win rate outcomes in IRB for June 2012. Under Scenario 1, the net cash cost associated with the repayment of debt (excluding principal) is estimated to be approximately \$4m, and the net after tax cost is estimated to be approximately \$3m. Under Scenario 2, the net cash cost associated with the make-whole payment, the settlement of the CCIRS and the repayment of debt (excluding principal) is estimated to be approximately \$39m, and the net after tax cost is estimated to be approximately \$62m. None of these amounts have been taken into account in calculating the expected EBITDA above
2. Includes the benefit of the reversal of an expense provision of c.\$12m
3. June 2012 EBITDA (before significant items) is expected to be between \$10m to \$55m (therefore the range for the month is \$45m). As at 11 June 2012 MTD, gross revenue is \$17m behind the expected result for the month
4. Represents net revenue

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### Non-IRB revenues

- Expected gross revenues for 2H12 down 4.4% on 1H12, however up 4.1% on pcp

### IRB revenue

- Continued growth in front money
- Result impacted by an adverse movement in win rates

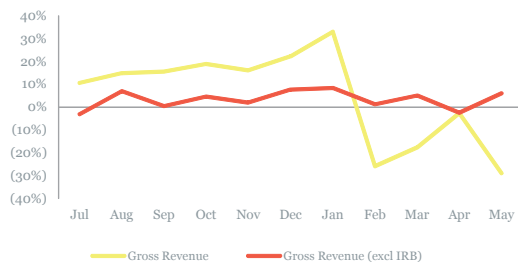
### Operating costs, taxes and commissions

- Excluding significant items, operating costs have reduced from 1H12 to 2H12<sup>2</sup>
- The cost management program is well underway

# 4. ASX ANNOUNCEMENTS

## Revenue update<sup>1</sup>

**Echo gross revenue growth on pcp**

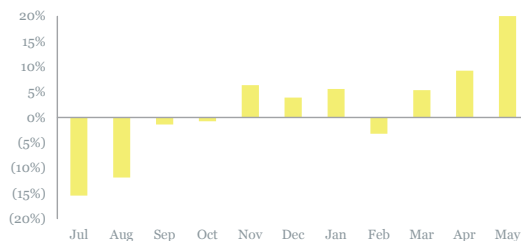


Expected FY12 gross revenue growth of 3.2–6.7%

For the 11 months to 31 May 2012:

- Gross revenue (excluding IRB): up 3.6% on pcp with:
  - The Star: up 5.5% on pcp
  - Queensland properties: up 1.1% on pcp
- IRB gross revenue up 2.9% on pcp:
  - Volume (customer front money): up 60.6%
  - Disconnect between revenues and volume due to lower win rates in FY12

**The Star—Average daily activity<sup>2</sup> (% change on pcp)**



Feb–April 2012 trading negatively impacted by:

- Change in MD of The Star
- Negative media campaign
- s143 inquiry
- Soft consumer environment

The Star's underlying activity has picked up in May 2012 and into June 2012

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Notes:

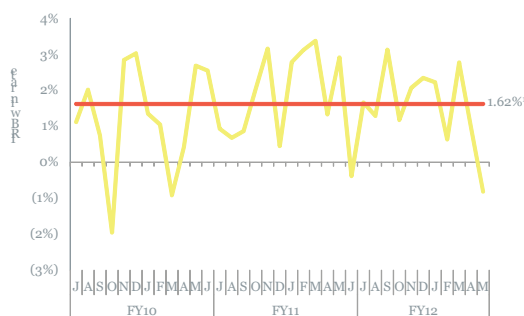
1. Figures represent gross revenue unless otherwise stated
2. Daily activity index measures all customer activity including food and beverage, bars, gaming, non-gaming and car parking

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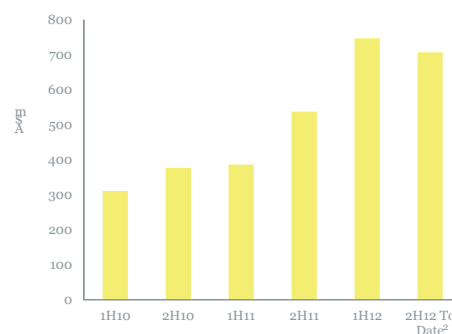
## Update on IRB

- IRB provides large growth opportunity both through improved share and underlying volume growth
- IRB has seen continued volume growth, as measured by customer front money, with front money up 60.6% for the 11 months to 31 May 2012, on pcp
  - Actual IRB gross revenue growth on pcp was 2.9% with lower win rates in FY12 offsetting higher volumes
- Total write down of \$30m for the costs associated with the liquidation of SilkStar
- Ongoing risk management focus with recent employment of new head of credit and expanded credit team

**IRB win rate**



**IRB front money (A\$m)**



Notes:

1. Win rate of 1.62% based on the expected 5 year rolling average ending 30 June 2012
2. Period from 1 Jan to 10 June 2012

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### 3. Entitlement offer

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## Entitlement offer overview<sup>1</sup>

<b>Offer size</b>	<ul style="list-style-type: none"> <li>Fully underwritten 1 for 5 accelerated renounceable entitlement offer to raise A\$454m</li> <li>Approximately 138m new Echo shares to be issued (20% of existing issued capital)</li> </ul>
<b>Offer price</b>	<ul style="list-style-type: none"> <li>A\$3.30 per new share, representing: 26.5% discount to last closing price of A\$4.49 per share on Friday 8 June (being the last day on which Echo shares were traded on the ASX before the Entitlement Offer was announced); 23.1% discount to Theoretical Ex-Rights Price (TERP)<sup>2</sup> of A\$4.29 per share</li> </ul>
<b>Institutional offer</b>	<ul style="list-style-type: none"> <li>Institutional offer open to eligible institutional shareholders<sup>3</sup> from 10:00pm Thursday, 14 June</li> <li>Institutional entitlements not taken up and entitlements of ineligible institutional shareholders will be placed into the Institutional Shortfall Bookbuild, to be conducted from 8:00am to 9:00am Monday, 18 June</li> </ul>
<b>Retail offer</b>	<ul style="list-style-type: none"> <li>Retail Entitlement Offer open to eligible retail shareholders in Australia and New Zealand from Monday 25 June to 5:00pm on Monday 9 July</li> <li>Retail entitlements not taken up and entitlements of ineligible retail shareholders will be placed into the retail shortfall bookbuild to be conducted from Thursday 12 July to Friday 13 July<sup>4</sup></li> </ul>
<b>Record date</b>	<ul style="list-style-type: none"> <li>7:00pm on Monday 18 June</li> </ul>
<b>Ranking</b>	<ul style="list-style-type: none"> <li>New shares will rank equally with existing shares from the date of allotment</li> </ul>
<b>Major shareholder participation</b>	<ul style="list-style-type: none"> <li>We have been advised by Crown that, on the basis the Entitlement Offer proceeds as announced, it intends to take up its entitlement in full. This will be settled with the retail component of the offer to ensure that Crown complies with Echo's 10% shareholder cap restriction<sup>5</sup></li> </ul>
<b>Underwriting</b>	<ul style="list-style-type: none"> <li>Capital raising fully underwritten</li> </ul>

**Notes:**

- All dates are 2012 and times refer to Australian Eastern Standard Time (AEST). Dates and times are indicative only and are subject to change
- Theoretical Ex-Rights Price (TERP) is the theoretical price at which Echo shares should trade immediately after the ex-date for the Entitlement Offer, assuming 100% take-up of the Entitlement Offer. TERP is a theoretical calculation only: the actual price at which Echo's shares will trade immediately after the ex-date will depend on many factors and may not be equal to TERP. TERP is calculated with reference to Echo's closing share price on Friday 8 June 2012
- Institutional shareholders will not be able to participate in the Institutional Entitlement Offer if by such participation any person's voting power in Echo will exceed 10%, being the applicable limit under Echo's Constitution. Any such shareholder will be entitled to participate in the Retail Entitlement Offer, (that is by choosing not to take up all, part or none of their entitlement, provided that such participation in the Retail Entitlement Offer will not cause any person's voting power in Echo to exceed 10%)
- There will not be any entitlements trading on ASX
- Crown does not directly hold shares in Echo, they are held through a wholly owned subsidiary, Pennwin Pty Ltd

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# 4. ASX ANNOUNCEMENTS

## Offer timetable<sup>1</sup>

Announcement of the Entitlement Offer, institutional offer opens	Thursday, 14 June
Institutional Entitlement Offer closes	Friday, 15 June
Institutional shortfall bookbuild (before market open)	Monday, 18 June
Shares commence trading on ASX	Monday, 18 June
Record date (7:00pm)	Monday, 18 June
Retail Entitlement Offer opens	Monday, 25 June
Institutional Entitlement Offer settlement	Friday, 29 June
Allotment of shares under the Institutional Entitlement Offer and institutional shortfall bookbuild <sup>2</sup>	Monday, 2 July
Retail Entitlement Offer closes (5:00pm)	Monday, 9 July
Retail shortfall bookbuild opens (after market close)	Thursday, 12 July
Retail shortfall bookbuild closes (before market open)	Friday, 13 July
Retail Entitlement Offer and retail shortfall bookbuild settlement	Wednesday, 18 July
Retail Entitlement Offer and retail shortfall bookbuild allotment	Thursday, 19 July
Holding statements of new shares despatched, new shares issued under the Retail Entitlement Offer commence normal settlement trading	Friday, 20 July

Notes:

1. All dates are 2012 and times refer to Australian Eastern Standard Time (AEST). Dates and times are indicative only and are subject to change
2. Trading of new shares under the Institutional Entitlement Offer and shortfall bookbuild is also expected to commence on this date

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## 4. Use of proceeds

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## Use of proceeds

- The proceeds from the Entitlement Offer (less associated costs) will be used to repay debt and provide a revised capital structure that the Board believes is appropriate given growth in the IRB
- In conjunction with the Entitlement Offer, Echo is in discussions with its banks and USPP Noteholders to modify the terms of its debt facilities
  - Echo has agreed with its banks to modify the terms of its Syndicated Bank Facility and the facility is expected to continue, subject to compliance with the terms and conditions of the facility
  - Echo remains in discussions with the USPP Noteholders to modify the terms of the USPP Notes:
    - If Echo reaches agreement with the USPP Noteholders to modify the terms of the USPP Notes on terms satisfactory to each party by 28 June 2012 (AEST), the Entitlement Offer proceeds (less associated costs) will be applied to reduce the amount drawn on the Syndicated Bank Facility ("Scenario 1")
    - If Echo does not reach agreement to modify the terms of the USPP Notes on terms satisfactory to each party by 28 June 2012 (AEST), Echo will issue a notice to redeem the USPP Notes and the Entitlement Offer proceeds (less associated costs) will be used to repay the USPP Notes and associated costs ("Scenario 2")
- Echo has received a commitment from a bank to provide a A\$350m bridge debt facility to provide additional debt funding to repay the USPP Notes. Key terms of that arrangement include:
  - Funding of up to A\$350m for a term of 3 months which then reduces to funding of up to A\$250m for a further 9 months
  - Conditional on the equity raising occurring
  - Proceeds to be used to repay the USPP Notes
  - Other terms and conditions typically included in facilities of this kind

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## Use of proceeds

### Pay down of SFA (Scenario 1)

- If Echo reaches agreement with the USPP Noteholders to modify the terms of the USPP Notes on terms satisfactory to each party by 28 June 2012 (AEST), the Entitlement Offer proceeds (less associated costs) will be applied to reduce the amount drawn on the Syndicated Bank Facility

Facility	Maturity	Limit	Drawn facility at 31 May 2012	Adjustments	Pro-forma facility drawn
Syndicated Banking Facility	June 2014	A\$480.0m	A\$480.0m	A\$(50.0)m	A\$430.0m
Syndicated Banking Facility	June 2016	A\$480.0m	A\$380.0m	A\$(380.0)m	-
		A\$960.0m	A\$860.0m	A\$(430.0)m	A\$430.0m
USPP	June 2018	USD\$100.0m	A\$103.0m	-	-
USPP	June 2021	USD\$360.0m	A\$370.0m	-	-
		USD\$460.0m	A\$473.0m	-	A\$473.0m
Bridge facility	<12 months	A\$350.0m	-	-	-
<b>Total Debt</b>			A\$1,333.0m	A\$(430.0)m	A\$903.0m
Less cash as at 31 May 2012				-	A\$104.0m
<b>Net Debt</b>					A\$799.0m

Note:

1. Please refer to page 26 for key assumptions and notes

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# 4. ASX ANNOUNCEMENTS

## Pro-forma Balance sheet

### Pay down of SFA (Scenario 1)

A\$m	31 Dec 2011 Actual	Pro forma adjustments(after tax)	Pro forma Balance Sheet
Cash and cash equivalent	109.9	-	109.9
Receivables	135.8	-	135.8
Other current assets	43.0	-	43.0
<b>Total current assets</b>	<b>288.7</b>	<b>-</b>	<b>288.7</b>
Derivative financial instruments	71.5	-	71.5
PPE and intangibles	3,773.6	-	3,773.6
Other non-current assets	26.1	-	26.1
<b>Total non-current assets</b>	<b>3,871.2</b>	<b>-</b>	<b>3,871.2</b>
<b>Total assets</b>	<b>4,159.9</b>	<b>-</b>	<b>4,159.9</b>
Payables	(168.3)	-	(168.3)
Derivative financial instruments	(24.3)	-	(24.3)
Other current liabilities	(70.3)	-	(70.3)
<b>Total current liabilities</b>	<b>(262.9)</b>	<b>-</b>	<b>(262.9)</b>
Interest bearing liabilities	(1,217.2)	430.0	(787.2)
Derivative financial instruments	(70.6)	-	(70.6)
Other non-current liabilities	(170.7)	7.2	(163.5)
<b>Total non-current liabilities</b>	<b>(1,458.5)</b>	<b>437.2</b>	<b>(1,021.3)</b>
<b>Total liabilities</b>	<b>(1,721.4)</b>	<b>437.2</b>	<b>(1,284.2)</b>
<b>Net Assets</b>	<b>2,438.5</b>	<b>437.2</b>	<b>2,875.7</b>
Equity	(2,138.0)	(440.1)	(2,578.1)
Reserves	15.0	-	15.0
Retained earnings	(315.5)	2.9	(312.6)
<b>Total Equity</b>	<b>(2,438.5)</b>	<b>(437.2)</b>	<b>(2,875.7)</b>

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## Pro-forma Balance sheet

### Pay down of SFA (Scenario 1)

#### Pro forma balance sheet adjustment assumptions

This pro forma balance sheet is based on the consolidated balance sheet of Echo extracted from the reviewed Financial Report for the half year ended 31 December 2011, after taking into account the following pro-forma adjustments:

- Entitlement offer to raise equity of \$454.1m, and applying to existing non-current interest bearing liabilities (SFA)
- Fees attributable to raising new equity of \$20.0m (before tax), and applied against equity
- Fees associated with covenant amendment fees, reflected in non-current interest bearing liabilities and P&L/Retained earnings of \$4.1m (before tax)
- USPP Notes debt was converted using AUD/USD exchange rate of 0.9721
- Tax rate of 30% applied where applicable

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## Use of proceeds

### Repayment of USPP Notes (Scenario 2)

- If Echo does not reach agreement to modify the terms of the USPP Notes on terms satisfactory to each party by 28 June 2012 (AEST), Echo will issue a notice to redeem the USPP Notes and the Entitlement Offer proceeds (less associated costs) will be used to repay the USPP Notes and associated costs
- Echo has received a commitment from a bank to provide a A\$350m bridge debt facility to provide additional debt funding to repay the USPP Notes

Facility	Maturity	Limit	Drawn facility at 31 May 2012	Adjustments	Pro-forma facility drawn
Syndicated Banking Facility	June 2014	A\$480.0m	A\$480.0m	-	A\$480.0m
Syndicated Banking Facility	June 2016	A\$480.0m	A\$380.0m	A\$78.1m	A\$458.1m
		<b>A\$960.0m</b>	<b>A\$860.0m</b>	<b>A\$78.1m</b>	<b>A\$938.1m</b>
USPP	June 2018	US\$100.0m	A\$103.0m	(A\$103.0m)	-
USPP	June 2021	US\$360.0m	A\$370.0m	(A\$370.0m)	-
		<b>US\$460.0m</b>	<b>A\$473.0m</b>	<b>(A\$473.0m)</b>	-
Bridge facility	<12 months	<b>A\$350.0m</b>	-	-	-
<b>Total Debt</b>			<b>A\$1,333.0m</b>	<b>(A\$394.9m)<sup>2</sup></b>	<b>A\$938.1m</b>
Less cash as at 31 May 2012					A\$104.0m
<b>Net Debt</b>					<b>A\$834.1m</b>

Notes:

1. Please refer to page 29 for key assumptions and notes

2. \$394.9m adjustments exclude non-cash items of \$2m included in the pro-forma balance sheet

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## Pro-forma Balance sheet as at 31 December 2011

### Repayment of USPP Notes (Scenario 2)

A\$m	31 Dec 2011 Actual	Pro forma adjustments (after tax)	Pro forma Balance Sheet
Cash and cash equivalent	109.9	-	109.9
Receivables	135.8	-	135.8
Other current assets	43.0	-	43.0
<b>Total current assets</b>	<b>288.7</b>	-	<b>288.7</b>
Derivative financial instruments	71.5	(71.5)	-
PPE and intangibles	3,773.6	-	3,773.6
Other non-current assets	26.1	-	26.1
<b>Total non-current assets</b>	<b>3,871.2</b>	<b>(71.5)</b>	<b>3,799.7</b>
<b>Total assets</b>	<b>4,159.9</b>	<b>(71.5)</b>	<b>4,088.4</b>
Payables	(168.3)	(5.1)	(173.4)
Derivative financial instruments	(24.3)	(35.3)	(59.6)
Other current liabilities	(70.3)	-	(70.3)
<b>Total current liabilities</b>	<b>(262.9)</b>	<b>(40.4)</b>	<b>(303.3)</b>
Interest bearing liabilities	(1,217.2)	392.9	(824.3)
Derivative financial instruments	(70.6)	-	(70.6)
Other non-current liabilities	(170.7)	51.9	(118.8)
<b>Total non-current liabilities</b>	<b>(1,458.5)</b>	<b>444.8</b>	<b>(1,013.7)</b>
<b>Total liabilities</b>	<b>(1,721.4)</b>	<b>404.4</b>	<b>(1,317.0)</b>
<b>Net Assets</b>	<b>2,438.5</b>	<b>332.9</b>	<b>2,771.4</b>
Equity	(2,138.0)	(440.1)	(2,578.1)
Reserves	15.0	43.8	58.8
Retained earnings	(315.5)	63.4	(252.1)
<b>Total Equity</b>	<b>(2,438.5)</b>	<b>(332.9)</b>	<b>(2,771.4)</b>

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Notes: 1. Please refer to page 29 for key assumptions and notes

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# 4. ASX ANNOUNCEMENTS

## Pro-forma Balance sheet as at 31 December 2011

### Repayment of USPP Notes (Scenario 2)

#### Pro-forma balance sheet adjustment assumptions

The pro-forma balance sheet is based on the consolidated balance sheet of Echo extracted from the Financial Report for the half year ended 31 December 2011, after taking into account the following pro-forma adjustments:

- Entitlement offer to raise equity of \$454.1m, and is applied to non-current interest bearing liabilities.
- Fees attributable to raising new equity of \$20m (before tax), and applied against equity.
- SFA covenant amendments fees, reflected in interest bearing liabilities and P&L/Retained earnings of \$4.1m (before tax)
- The estimated net cash costs associated with the redemption of the USPP Notes and close out of the US cross currency interest rate swaps (CCIRS) are \$35.1m and reflect the make-whole costs of redeeming the USPP Notes less net cash receipts from the close out of CCIRS. These amounts will vary with changes in the AUD:USD exchange rate. The key assumptions associated with this number are:
  - Echo redeems the USPP Notes and simultaneously closes out its CCIRS
  - Make-whole costs on USPP settlement and cash receipts from the close out of CCIRS calculated based on a 31 May exchange rate of 0.9721 (please refer to the exchange rate sensitivity analysis below)
- The close out costs in relation to the USPP are deductible for income tax purposes
- A reduction in current derivative assets of \$106.8m (which was \$71.5m at 31 December 2011), and a \$5.1m movement in interest receivable
  - The \$394.9m of adjustments on page 27 exclude these non-cash items of \$2m
- Settlement of existing USPP interest bearing liabilities of AU\$473.0m (US\$460m fully drawn at 31 May exchange rate of 0.9721).
- Unwinding of \$43.8m unrealised hedge gain (net of tax) relating to the close out of the CCIRS reflected in reserves and P&L/Retained earnings.
- Expensing of unamortised historical borrowing costs of \$2m (before tax) relating to USPP.
- Tax rate of 30% where applicable

#### Exchange rate sensitivity analysis

Estimated net costs using the following exchange rates are:

AUD:USD —0.95: \$25.5m

AUD:USD —1.00: \$51.1m

As at 14 June 2012 the AUD:USD exchange rate is approximately 0.994

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## 5. Summary of key risks

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## Summary of key risks

- The fully underwritten pro-rata accelerated renounceable entitlement and the shares to be issued there in will be subject to a number of risks including:
  - Risks associated with Echo, such as:
    - Regulation and changes to the regulatory environment
    - International rebate business volatility risk
    - Bad debts
    - Expansion project execution risk
    - Compliance risk
    - Consumer softness
    - Movement in exchange rates
  - Risks associated with an investment in equity capital, such as those relating to general economic and market factors and government changes
- See Appendix A for details of key risks

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## 6. Q&A

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# 4. ASX ANNOUNCEMENTS

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## Appendices

- A: Key risk factors
- B: International selling restrictions
- C: Restrictions on eligibility to exercise entitlements
- D: Glossary

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## Appendix A

### Key risk factors

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## Key risk factors

### Introduction

Investors should be aware that there are risks associated with an investment in Echo. Some of the principal factors that may, either individually or in combination, affect the future operating and financial performance of Echo and the value of Echo shares are set out in the following slides. Some are specific to an investment in Echo and others are of a more general nature. The summary of risks that follows is not exhaustive and this Presentation does not take into account the personal circumstances, financial position or investment requirements of any particular person. Additional risks and uncertainties of which Echo is unaware or that the company currently considers to be immaterial may also become important factors that adversely affect future performance. It is important therefore for shareholders and investors before participating in the Entitlement Offer or investing in Echo, to read and understand the entire Presentation and to consider these risks and uncertainties carefully. You should have regard to your own investment objectives and financial circumstances and should seek professional guidance from your stockbroker, solicitor, accountant or other professional adviser before deciding whether or not to invest.

### Regulation and changes to the regulatory environment

#### General

The activities of Echo are conducted in highly regulated industries. The gambling activities that Echo conducts, and will conduct, and the level of competition that it experiences, and will experience, depend to a significant extent on:

- the licences granted to Echo and to third parties; and
- government policy and the manner in which the relevant governments exercise their broad powers in relation to the manner in which the relevant businesses are conducted.

Changes in legislation, regulation or government policy may have an adverse impact on Echo's operational and financial performance. Court decisions concerning the constitutionality or interpretation of such legislation, regulations or government policy may have an adverse effect on the operational and financial performance of Echo.

Potential changes which would affect the value of the licences granted to members of Echo include:

- changes in state casino and gaming tax rates, duties and levies (including EGM levies);
- the grant of additional gambling licences to third parties including without limitation the granting of additional casino licences to third parties in the states in which Echo operates;
- changes or decisions concerning the distribution and advertising of gambling products, including through particular channels;
- variations to permitted deduction rates and returns to players;
- changes to the restrictions on the number, type, permitted functionality and location of EGMs;
- the introduction of additional legislation to guard against money laundering, which increases compliance costs for Echo;
- the introduction of further legislation to implement further responsible gambling measures; and
- any other legislative change.

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## Key risk factors

### Recent Federal Government action

In February 2012, the Commonwealth Government released the draft National Gambling Reform Bills 2012. The draft bills are exposure drafts released for comment. They have not been introduced into Federal Parliament and may not be introduced in the published form, or at all. If they were introduced and enacted in their current form they would apply to gaming machines used in casinos and require:

- by the end of 2013, pre-commitment technology to be available on every gaming machine made in — or imported to — Australia
- by the end of 2016, state-linked pre-commitment and dynamic warnings and cost of play displays - with longer implementation timelines for small venues

An independent trial of a mandatory pre-commitment scheme will be held in the ACT, with plans for it to begin next year. The trial, and a review by the Productivity Commission, has been written into the bill.

### Taxes and levies

The Queensland Government may independently review the fees and charges payable under the various Queensland gaming legislation, deeds and agreements which may result in new or increased taxes or levies payable by members of Echo in respect of the Treasury Casino & Hotel, Jupiters Hotel & Casino or Jupiters Townsville. The rate and method of calculation of casino duty payable to the NSW government has been agreed with the NSW Treasurer. However, it is legally possible for the NSW parliament to pass laws to require The Star to pay different amounts of casino duty.

### Smoking bans

Indoor smoking bans have been implemented in the jurisdictions in which members of Echo operate. However, certain private gaming areas in casino properties operated by Echo have been exempt from these smoking bans. To the extent that these exemptions cease to apply then this may adversely impact the operational and financial performance of Echo particularly with respect to the IRB.

### The Star 'exclusivity'

Pursuant to an agreement with the ILGA, the ILGA shall procure that the State of New South Wales pays to The Star Pty Ltd certain damages if, during the period up to 13 November 2019, the State of New South Wales grants a licence, permission or authorisation or enacts legislation which has the effect of allowing another licensed casino to open in New South Wales.

The New South Wales Government has not yet foreshadowed what will occur after 2019, but the potential licensing of additional casino operators in New South Wales could materially adversely affect the profitability and value of The Star.

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# 4. ASX ANNOUNCEMENTS

## Key risk factors

### Queensland Casino Licences

There are no longer periods of geographical exclusivity that apply to the Queensland Casino Licences. The Queensland Government has issued one further licence (to those held by Echo) to Reef Corporate Services Limited (in respect of The Reef Hotel Casino) and could issue additional licences, so that operators of casino tables may compete in Queensland. This may have an adverse effect on the operational and financial performance and the value of Echo's Queensland Casinos.

### Compliance risks

Any failure by Echo to embrace high compliance standards, values and systems at all operational levels may increase exposure to a compliance failure, potentially leading to penalties, including civil or criminal. In certain situations, the licences that have been granted to members of Echo (including the NSW Casino Licence and the Queensland Casino Licences) may be suspended or cancelled. If any of the licences, and any new licences that Echo may be granted, are suspended or cancelled it could materially adversely affect Echo's operational and financial performance.

On 4 June 2012, The Star was issued with a 'show cause' notice by the ILGA to explain why certain reporting obligations were not triggered by the suspension (on 19 December 2011) of the former Managing Director of The Star, or alternatively, as at the date on which it became practicable to notify the ILGA of the likelihood of the cessation of the Managing Director's employment, prior to 2 February 2012. The Star has until June 21 to respond to the notice, after which the ILGA will determine if disciplinary action should be taken.

### Investigations

The ILGA is required to conduct, at intervals of not greater than five years, an investigation of the suitability of the operator of The Star and whether it is in the public interest that the NSW Casino Licence should remain in force. If The Star Pty Ltd is found to be an 'unsuitable person' to continue to give effect to the NSW Casino Licence, or it is found that it is not in the public interest for the NSW Casino Licence to continue, this may have an adverse effect on Echo. The last investigation in relation to The Star Pty Ltd and the NSW Casino Licence was completed in December 2011.

Further, from time to time, Echo may be subject to various ad hoc regulatory investigations. For example, on 16 February 2012, the ILGA announced an investigation into the handling of the cessation of employment of the former Managing Director of The Star. Whilst the inquiry made no adverse findings against Echo or The Star, the outcome of such investigations may, from time to time, have an adverse effect on the financial performance of Echo.

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## Key risk factors

### Divestiture of shares in subsidiaries

In certain circumstances, the ILGA and the Queensland Minister can compel the divestiture by relevant members of Echo of certain of Echo's subsidiaries. Those circumstances might include a change in the shareholders or directors of Echo or in the circumstances applicable to Echo. For example, if a change in the shareholders or directors or circumstances of Echo was considered by the ILGA to result in Echo ceasing to be a suitable person to be associated with Star City Holdings, an action by the ILGA might result in Echo ceasing to own The Star. Similarly, an action by the Queensland Minister might result in Echo ceasing to own one or more of the businesses conducted by the Jupiters Group.

If Echo were required to dispose of shares in the companies owning any of its businesses it may have a material adverse effect on the operational and financial performance of Echo.

### Consequences of breach of shareholding restrictions

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

The Echo Constitution requires that a person must not have voting power in Echo in excess of 10%, without the written consent of the ILGA or the relevant Queensland Minister while relevant subsidiaries of Echo are involved in certain gambling activities.

There are also restrictions on shareholdings in Echo which relate to the suitability of persons to be associated with certain members of Echo. The Echo Constitution confers certain powers on the Echo Board, the ILGA or the 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.

### Competition

Echo faces competition in all of the industry segments in which it operates. Many of the markets are served by competitors and are subject to the threat of new entrants. Echo is aware of at least one competitor that appears to have lobbied the NSW government for a second casino licence in Sydney. If Echo does not offer competitive services and products, it could fail to achieve adequate growth and may potentially lose existing customers to other service providers. The high value of the Australian dollar may also reduce the attractiveness of Australian casinos to international VIP clientele. The loss of clientele could also affect market structure, market share or profitability.

Further, gambling activities compete with other consumer products for consumers' discretionary expenditure and in particular with other forms of leisure and entertainment including cinema, restaurants, sporting events, the internet and pay television. If Echo 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 Echo.

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## Key risk factors

### **International rebate business**

The international rebate business is highly volatile. Although the Jupiters Group and The Star (since January 2006 when international rebate business was reintroduced at that property) have historically achieved theoretical win rates over time, during the course of each year the casino businesses can enjoy significant wins and sustain significant losses. The volatility of international rebate business in the future may have an adverse effect on the operational and financial performance of Echo. This fluctuation will have an increasing impact on the results of Echo as a result of initiatives undertaken by Echo that have seen the underlying volumes of the IRB expand.

### **Bad debts**

As part of its casino operations, Echo will, from time to time, extend cheque cashing credit facilities to its premium customers. Despite credit controls there is the potential, from time to time, for certain cheques to be dishonoured when presented to the bank, and Echo may be required to provide for (and potentially incur) bad debts. The potential for this to occur is a risk factor.

### **Expansion projects – The Star Casino and Queensland casinos**

The Star is currently finishing an \$870m expansion program that has transformed the property into a leading entertainment destination for local, national and international customers. The redevelopment and expansion project is expected to be completed in 2013.

Echo also announced the proposed Queensland casinos expansion, a \$625m expansion of the three Queensland casinos, which is subject to Echo entering into an agreement with the Queensland Government on terms acceptable to Echo, and Echo obtaining a number of gaming concessions and necessary regulatory, council and other planning and development approvals. There is no guarantee that any agreement will be reached with the Queensland Government or that required regulatory, council and other planning and development approvals will be granted.

Further, in respect of such expansion projects, the estimated capital expenditure is subject to market prices and changes of scope. Interruptions on the project sites due to industrial disputes, work stoppages and accidents may also impact adversely on the timing or capital expenditure of such 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 effect on the operational and financial performance of Echo. Either project may suffer cost or time overruns.

The expansion 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. Such damage could adversely impact the estimated capital expenditure for either expansion project and cause unexpected delays to completion. It cannot be certain that the financial impact of any such event would be mitigated, fully or partially, by insurance.

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## Key risk factors

### **Availability and servicing of debt finance**

From time to time, Echo will be required to establish or refinance its debt facilities. There is no certainty as to the availability of debt facilities or the terms on which such facilities may be provided to Echo in the future. Echo's ability to refinance its debt on favourable terms as it becomes due or to repay the debt, its ability to raise further finance on favourable terms for its business and to pursue opportunities, and its borrowing costs will depend on market conditions and Echo's future operating performance. In particular, Echo may incur higher interest rates and/or additional fees associated with future debt refinancing. If Echo is unable to refinance its debt obligations, or to do so on reasonable terms, this may have an adverse effect on the financial position and performance of Echo.

Echo's ability to service its debt and comply with the covenants in its debt documents will depend on its future financial performance and if it is unable to do so, Echo's lenders may act to enforce their rights against it, which may impact Echo's financial or operating performance and impair its ability to pay dividends.

### **Exchange rates**

Echo is exposed to movements in exchange rates. Echo has exposure to foreign borrowings. Exchange movements affecting these currencies may impact the profit and loss account or assets and liabilities of Echo, to the extent foreign exchange rate risk is not hedged or not appropriately hedged.

### **Interest rates**

While Echo takes reasonable steps to protect itself through the use of hedges, rising interest rates may nonetheless adversely impact Echo's interest payments on its floating rate instruments and rises in underlying input costs may also adversely impact the performance of Echo's business.

### **Future dividends and franking capacity**

No assurances can be given in relation to the payment of future dividends. Future determinations as to the payment of dividends by Echo will be at the discretion of the Echo Board at the time and will depend upon the availability of profits, the operating results and financial condition of Echo, future capital requirements, covenants in relevant financing agreements, general business and financial conditions and other factors considered relevant by the Echo Board. No assurances can be given in relation to the level of franking of future dividends. Franking capacity will depend upon the amount of tax paid in the future, and other factors.

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# 4. ASX ANNOUNCEMENTS

## Key risk factors

### **Litigation and disputes**

From time to time, members of the Echo Group become involved in litigation and disputes. There is a risk that the resolution of litigation and disputes may result in provisions for such litigation and disputes being exceeded. There is also the risk that Echo's reputation may suffer due to the profile of, and public scrutiny surrounding, any such litigation and disputes regardless of their outcome.

### **Insurance**

Echo carries various insurance policies to cover its properties and operational hazards with policy specifications and insured limits that it believes are customarily carried for similar properties and operating activities. However, potential losses of a catastrophic nature such as those arising from floods, contagious diseases, earthquakes, terrorism or other similar catastrophic events, may be either uninsurable, or, in Echo's judgment, not insurable on a financially reasonable basis or may be subject to larger excesses. If an uninsured loss occurs, Echo could be subject to material liability or lose both invested capital in and anticipated profits from the affected property or assets.

### **Changes in accounting policy**

Changes in accounting policies, arising from recently issued or amended accounting standards by the Australian Accounting Standards Board, may affect the reported earnings of Echo and its financial position from time to time.

### **Taxation**

Future changes in Australian taxation law, or the tax law of other jurisdictions, including changes in interpretation or application of the law by the courts or taxation authorities, or Echo's method of calculation, may affect taxation treatment of an investment in Echo's shares or the holding and disposal of those shares. Further, changes in tax law, or changes in the way tax law is expected to be interpreted in the various jurisdictions in which Echo operates, or Echo's methods of calculation, may impact the tax liabilities of Echo.

### **Employee retention**

In order to manage and operate its business effectively, Echo must attract, develop and retain high performing individuals across the company. Challenges in finding suitable executives include recruiting external candidates for executive positions with the necessary experience and recruiting or transferring executives who are suitable for each of the various cultures and business environments in which Echo's businesses operate. Echo also faces the challenges of maintaining a reputation as an attractive place to work, a remuneration structure that meets market expectations, human resources and training systems and providing opportunities for advancement. If Echo fails to attract, develop and retain sufficient high performing individuals, it may not manage its business effectively and may not be able to meet its growth objectives.

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## Key risk factors

### **Current global economic environment**

#### *Euro-zone uncertainty*

The current economic uncertainty in the Euro zone could have significant impact on the wider trading environment Echo is operating within. This may affect Echo's revenue, profitability and growth potential both in the short and medium term.

#### *General economic factors*

General economic factors may also affect an investment in Echo or the performance of Echo, including:

- movements in Australian and international stock markets, changes in interest rates, inflation and inflationary expectations and overall economic and political conditions may affect the demand for and market price of Echo shares;
- changes in government legislation and policy, in particular taxation laws, may affect the relative attractiveness of investing in Echo; and
- the price of securities on ASX may rise or fall due to a diverse range of non-company specific influences which may affect the market performance of Echo

None of Echo, its directors or any other person guarantees the market performance of Echo.

The operational and financial performance and position of Echo may be adversely affected by the worsening of general economic conditions in Australia, as well as international market conditions and related factors. It is also possible new risks might emerge as a result of markets experiencing extreme stress or existing risks may manifest themselves in ways that are not currently foreseeable.

### **Other risks**

The above risks should not be taken as a complete list of the risks associated with an investment in Echo. The risks outlined above and other risks not specifically referred to may in the future materially adversely affect the value of Echo shares and their performance. Accordingly, no assurance or guarantee of future performance or profitability is given by Echo in respect of Echo shares.

### **Risks associated with investment in equity capital**

There are general risks associated with investments in equity capital. The trading price of shares in Echo may fluctuate with movements in equity capital markets in Australia and internationally. This may result in the market price for the new shares being less or more than the offer price. Generally applicable factors which may affect the market price of shares include: general movements in Australian and international stock markets; investor sentiment; Australian and international economic conditions and outlook, changes in interest rates and the rate of inflation; changes in government regulation and policies; and geo-political instability, including international hostilities and acts of terrorism. No assurances can be given that the new shares will trade at or above the offer price. None of Echo, its Board or any other person guarantees the market performance of the new shares.

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## Key risk factors

### Risks associated with renouncing rights under the Entitlement Offer

If you are a shareholder and renounce your entitlement (including by doing nothing under the Entitlement Offer), there is no guarantee that any value will be received for your renounced entitlement through the bookbuild process. The ability to sell entitlements under a bookbuild and the ability to obtain any value for them will be dependent upon various factors, including market conditions. Further, the bookbuild price may not be the highest price available, but will be determined having regard to a number of factors, including having binding and bona fide offers which, in the reasonable opinion on the underwriters, will, if accepted result in otherwise acceptable allocations to clear the entire book. To the maximum extent permitted by law, Echo, the underwriters and any of their respective related bodies corporate, affiliates, directors, officers, employees or advisers, will not be liable, including for negligence, for any failure to procure applications for New Shares or any proceeds for entitlements offered under the bookbuild at prices in excess of the offer price or at all. You should note that if you sell, or do not take up, all or part of your entitlement, then your percentage shareholding in Echo will be diluted by not participating to the full extent in the Entitlement Offer and you will not be exposed to future increases or decreases in Echo's share price in respect of the New Shares which could have been issued to you had you taken up all of your entitlement. Any payments will be made to you net of any withholding tax. You should seek independent tax advice and wish to refer to tax disclosure contained in the retail offer booklet which will provide further information on potential taxation implications for certain Australian shareholders.

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## Appendix B

### International selling restrictions

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# 4. ASX ANNOUNCEMENTS

## International selling restrictions

This document does not constitute an offer of entitlements ("Entitlements") or new ordinary shares ("New Shares") of Echo Entertainment Group Limited ("Company") in any jurisdiction in which it would be unlawful. Entitlements and New Shares may not be offered or sold in any country outside Australia except to the extent permitted below.

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

This document constitutes an offering of Entitlements and New Shares only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces") and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such securities. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – *Prospectus and Registration Exemptions*, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the Entitlements or the New Shares or the offering of such securities 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 Entitlements or New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the Entitlements or the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements.

The Company, and the directors and officers of the Company, may be located outside Canada, and as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada, and as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company 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 of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defenses contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

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## International selling restrictions

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the Entitlements or the New Shares purchased pursuant to this document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against the Company if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the Company. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the *Securities Act* (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the Entitlements and the New Shares during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against the Company, provided that:

- a) the Company will not be liable if it proves that the purchaser purchased such securities with knowledge of the misrepresentation;
- b) in an action for damages, the Company is not liable for all or any portion of the damages that the Company proves does not represent the depreciation in value of such securities as a result of the misrepresentation relied upon; and
- c) in no case shall the amount recoverable exceed the price at which such securities were offered.

Section 138 of the *Securities Act* (Ontario) provides that no action shall be commenced to enforce these rights more than:

- a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action.

These rights are in addition to and not in derogation from any other right the purchaser may have.

**Certain Canadian income tax considerations.** Prospective purchasers of the Entitlements and the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding, or disposition of such securities as any discussion of taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements 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 Entitlements and 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.*

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## International selling restrictions

### China

The information in this document does not constitute a public offer of the Entitlements or the New Shares, whether by way of sale or subscription, in the People's Republic of China (excluding, for purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan). The Entitlements and the New Shares may not be offered or sold directly or indirectly in the PRC to legal or natural persons other than directly to "qualified domestic institutional investors".

### European Economic Area – Belgium, Denmark, Germany and Netherlands

The information in this document has been prepared on the basis that all offers of Entitlements and New Shares will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as implemented in Member States of the European Economic Area (each, a "Relevant Member State"), from the requirement to produce a prospectus for offers of securities.

An offer to the public of Entitlements and New Shares has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in that Relevant Member State:

- a) to legal entities that are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- b) to any legal entity that has two or more of: (i) an average of at least 250 employees during its last fiscal year; (ii) a total balance sheet of more than €43,000,000 (as shown on its last annual unconsolidated or consolidated financial statements) and (iii) an annual net turnover of more than €50,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- c) to fewer than 100 natural or legal persons (other than qualified investors within the meaning of Article 2(1)(c) of the Prospectus Directive) subject to obtaining the prior consent of the Company or any underwriter for any such offer; or
- d) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Entitlements or New Shares shall result in a requirement for the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

### France

This document is not being distributed in the context of a public offering of financial securities (*offre au public de titres financiers*) in France within the meaning of Article L.411-1 of the French Monetary and Financial Code (*Code monétaire et financier*) and Articles 211-1 et seq. of the General Regulation of the French *Autorité des marchés financiers* ("AMF"). The Entitlements and the New Shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France.

This document and any other offering material relating to the Entitlements and the New Shares have not been, and will not be, submitted to the AMF for approval in France and, accordingly, may not be distributed (directly or indirectly) to the public in France.

Such offers, sales and distributions have been and shall only be made in France to (i) qualified investors (*investisseurs qualifiés*) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2° and D.411-1 to D.411-3, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation and/or (ii) a restricted number of non-qualified investors (*cercle restreint d'investisseurs*) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2° and D.411-4, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation.

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## International selling restrictions

Pursuant to Article 211-3 of the General Regulation of the AMF, investors in France are informed that the Entitlements and the New Shares cannot be distributed (directly or indirectly) to the public by the investors otherwise than in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Monetary and Financial Code.

### Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies Ordinance (Cap. 32) of Hong Kong (the "Companies Ordinance"), 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"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Entitlements and the New Shares have not been and will not be offered or sold in Hong Kong other than (i) to "professional investors" (as defined in the SFO) or (ii) in other circumstances that do not result in this document being a "prospectus" (as defined in the Companies Ordinance) or that do not constitute an offer to the public within the meaning of that ordinance.

No advertisement, invitation or document relating to the Entitlements and 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 Entitlements and the New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Entitlements or 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.

### Ireland

The information in this document does not constitute a prospectus under any Irish laws or regulations and this document has not been filed with or approved by any Irish regulatory authority as the information has not been prepared in the context of a public offering of securities in Ireland within the meaning of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005 (the "Prospectus Regulations"). The Entitlements and the New Shares have not been offered or sold, and will not be offered, sold or delivered directly or indirectly in Ireland by way of a public offering, except to (i) qualified investors as defined in Regulation 2(1) of the Prospectus Regulations and (ii) fewer than 100 natural or legal persons who are not qualified investors.

### Italy

The offering of the Entitlements and the New Shares in the Republic of Italy has not been authorized by the Italian Securities and Exchange Commission (Commissione Nazionale per le Società e la Borsa, "CONSOB") pursuant to the Italian securities legislation and, accordingly, no offering material relating to the Entitlements or the New Shares may be distributed in Italy and these securities may not be offered or sold in Italy in a public offer within the meaning of Article 1.1(t) of Legislative Decree No. 58 of 24 February 1998 ("Decree No. 58"), other than:

- a) to Italian qualified investors, as defined in Article 100 of Decree no.58 by reference to Article 34-ter of CONSOB Regulation no. 11971 of 14 May 1999 ("Regulation no. 11971") as amended ("Qualified Investors"); and

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## International selling restrictions

b) in other circumstances that are exempt from the rules on public offer pursuant to Article 100 of Decree No. 58 and Article 34-ter of Regulation No. 11971 as amended.

Any offer, sale or delivery of the Entitlements and the New Shares or distribution of any offer document relating to these securities in Italy (excluding placements where a Qualified Investor solicits an offer from the issuer) under the paragraphs above must be:

- made by investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with Legislative Decree No. 385 of 1 September 1993 (as amended), Decree No. 58, CONSOB Regulation No. 16190 of 29 October 2007 and any other applicable laws; and
- in compliance with all relevant Italian securities, tax and exchange controls and any other applicable laws.

Any subsequent distribution of the Entitlements or the New Shares in Italy must be made in compliance with the public offer and prospectus requirement rules provided under Decree No. 58 and the Regulation No. 11971 as amended, unless an exception from those rules applies. Failure to comply with such rules may result in the sale of the Entitlements or the New Shares being declared null and void and in the liability of the entity transferring these securities for any damages suffered by the investors.

### Japan

The Entitlements and the New Shares have not been and will not be registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the "FIEL") pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated thereunder). Accordingly, the Entitlements and the New Shares may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors. Any Qualified Institutional Investor who acquires Entitlements or New Shares may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of Entitlements or New Shares is conditional upon the execution of an agreement to that effect.

### New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand).

The Entitlements and the New Shares in the Entitlement Offer are not being offered to the public in New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand).

Other than in the Entitlement Offer, New Shares may be offered and sold in New Zealand only to:

- a) persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money; or
- b) persons who are each required to (i) pay a minimum subscription price of at least NZ\$500,000 for the securities before allotment or (ii) have previously paid a minimum subscription price of at least NZ\$500,000 for securities of the Company ("initial securities") in a single transaction before the allotment of such initial securities and such allotment was not more than 18 months prior to the date of this document.

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### Norway

This document has not been approved by, or registered with, any Norwegian securities regulator pursuant to the Norwegian Securities Trading Act of 29 June 2007. 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 of 2007.

The Entitlements and the New Shares may not be offered or sold, directly or indirectly, in Norway except:

- a) to "professional investors" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876);
- b) any natural person who is registered as a professional investor with the Norwegian Financial Supervisory Authority (No. Finanstilsynet) and who fulfils two or more of the following: (i) any natural person with an average execution of at least ten transactions in securities of significant volume per quarter for the last four quarters; (ii) any natural person with a portfolio of securities with a market value of at least €500,000; and (iii) any natural person who works, or has worked for at least one year, within the financial markets in a position which presuppose knowledge of investing in securities;
- c) to fewer than 100 natural or legal persons (other than "professional investors"); or
- d) in any other circumstances provided that no such offer of securities shall result in a requirement for the registration, or the publication by the Company or an underwriter, of a prospectus pursuant to the Norwegian Securities Trading Act of 29 June 2007.

### Singapore

This document and any other materials relating to the Entitlements and 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 Entitlements and New Shares, may not be issued, circulated or distributed, nor may the Entitlements and 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 XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, 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 Entitlements or the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Entitlements or New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

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## International selling restrictions

### Sweden

This document has not been, and will not be, registered with or approved by Finansinspektionen (the Swedish Financial Supervisory Authority). Accordingly, this document may not be made available, nor may the Entitlements or the New Shares be offered for sale in Sweden, other than under circumstances that are deemed not to require a prospectus under the Swedish Financial

Instruments Trading Act (1991:980) (Sw. lag (1991:980) om handel med finansiella instrument). Any offering of Entitlements or New Shares in Sweden is limited to persons who are "qualified investors" (as defined in the Financial Instruments Trading Act). Only such investors may receive this document and they may not distribute it or the information contained in it to any other person.

### Switzerland

The Entitlements and the New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Entitlements and the New Shares may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the Entitlements and the New Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of Entitlements and New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

This document is personal to the recipient only and not for general circulation in Switzerland.

### Taiwan

The Entitlements and the New Shares have not been registered in Taiwan nor approved by the Financial Supervisory Commission, Executive Yuan, the Republic of China. Holders of the Entitlements and the New Shares cannot resell them in Taiwan nor solicit any other purchasers in Taiwan for this offering.

### United Arab Emirates

Neither this document nor the Entitlements and the New Shares have been approved, disapproved or passed on in any way by the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or any other governmental authority in the United Arab Emirates, nor has the Company received authorization or licensing from the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or any other governmental authority in the United Arab Emirates to market or sell the Entitlements or the New Shares within the United Arab Emirates. No marketing of any financial products or services may be made from within the United Arab Emirates and no subscription to any financial products or services may be consummated within the United Arab Emirates. This document does not constitute and may not be used for the purpose of an offer or invitation. No services relating to the Entitlements or the New Shares, including the receipt of applications and/or the allotment or redemption of such securities, may be rendered within the United Arab Emirates by the Company.

No offer or invitation to subscribe for Entitlements or New Shares is valid or permitted in the Dubai International Financial Centre.

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## International selling restrictions

### United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Services 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 Entitlements or the New Shares. This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of FSMA) in the United Kingdom, and these securities may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This document should not be distributed, published 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 FSMA) received in connection with the issue or sale of the Entitlements or 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 FSMA does not apply to the Company.

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 investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

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# 4. ASX ANNOUNCEMENTS

## Appendix C

### Restrictions on eligibility to exercise entitlements

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## Restrictions on eligibility to exercise entitlements

### Institutional Entitlement Offer

Eligible institutional shareholders in selected jurisdictions will be invited to participate in the Institutional Entitlement Offer which will take place from Thursday, 14 June 2012 to Friday, 15 June 2012. However, eligible institutional shareholders will not be able to participate in the Institutional Entitlement Offer if by such participation any person's Voting Power<sup>1</sup> in Echo will exceed 10%, being the applicable limit under the constitution of Echo (such institutional shareholders are "Non-participating Shareholders").

Any such Non-participating Shareholders will be entitled to participate in the Retail Entitlement Offer (that is, by choosing to take up all, part or none of their entitlements) provided that its participation in the Retail Entitlement Offer will not cause any person's Voting Power to exceed 10%. It is the responsibility of institutional shareholders to inform themselves of the eligibility criteria for exercise of Entitlements. In the event that institutional shareholders (other than Non-participating Shareholders) are not able to, or do not, take up entitlements in the Institutional Entitlement Offer, those Entitlements will be sold for their benefit in the institutional shortfall bookbuild and the institutional shareholders may receive no value for them.

Entitlements not taken up by eligible institutional shareholders and Entitlements of ineligible institutional shareholders not entitled to participate in the Institutional Entitlement Offer, will be sold for the benefit of such institutional shareholders through the institutional shortfall bookbuild on Friday, 15 June 2012 ("Institutional Shortfall Bookbuild"). If the price set under the Institutional Shortfall Bookbuild exceeds the Offer Price, the difference between the two amounts will be paid to those shareholders net of withholding tax ("Institutional Premium") on a pro rata basis in respect of the number of Entitlements that were sold for their benefit in the Institutional Shortfall Bookbuild. There is no guarantee that there will be any Institutional Premium. Institutional Entitlements cannot be traded on ASX.

### Retail Entitlement Offer

Eligible retail shareholders will be invited to participate in the Retail Entitlement Offer at the same Offer Price and offer ratio as the Institutional Entitlement Offer. The Retail Entitlement Offer will open on Monday, 25 June 2012 and close at 5.00pm (AEST) on Monday, 9 July 2012.

The Entitlements under the Retail Entitlement Offer may only be exercised by eligible retail shareholders, being persons who:

- are registered holders of Echo ordinary shares at 7:00pm (AEST) on Monday, 18 June 2012;
- have a registered address on the Echo share register in Australia or New Zealand;
- are not in the United States and are not U.S. Person (as defined in Rule 902(k) of Regulation S under the Securities Act of 1933) or acting for the account or benefit of a U.S. Person;

Notes:

1. "Voting Power" has the meaning given to it in section 610 of the Australian Corporation Act, 2001 Cth.

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## Restrictions on eligibility to exercise entitlements

- were either:
  - not invited to participate (other than as a nominee in respect of other underlying holdings) in the Institutional Entitlement Offer; or
  - invited to participate in the Institutional Entitlement Offer but did not warrant that their participation in (including the issue of New Shares pursuant to their application under) the Institutional Entitlement Offer will not cause any person to have voting power in Echo which exceeds 10% (being the applicable limit under the constitution of Echo), and were not treated as ineligible institutional shareholders under the Institutional Entitlement Offer; and
- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

It is the responsibility of retail shareholders to inform themselves of the eligibility criteria for exercise of Entitlements. Further details on eligibility criteria to exercise will be included in the retail offer booklet to be lodged with ASX on or about Monday, 25 June 2012.

Entitlements not taken up by eligible retail shareholders and Entitlements of ineligible retail shareholders not entitled to participate in the Retail Entitlement Offer, will be sold for the benefit of such retail shareholders through the retail shortfall bookbuild on Thursday, 12 July 2012 (after market close) and Friday, 13 July 2012 (before market open) ("Retail Shortfall Bookbuild"). If the price set under the Retail Shortfall Bookbuild exceeds the Offer Price, the difference between the two amounts will be paid to those shareholders net of withholding tax ("Retail Premium") on a pro rata basis in respect of the number of Entitlements that were sold for their benefit in the Retail Shortfall Bookbuild. There is no guarantee that there will be any Retail Premium. Retail Entitlements cannot be traded on ASX.

Further details about the Retail Entitlement Offer, including restrictions on eligibility to exercise Entitlements, will be set out in the retail offer booklet, which Echo expects to lodge with ASX on or about Monday, 25 June 2012.

### 10% shareholder limit

No application, acceptance, formal bids or other commitments will be accepted, and no allocations or allotments will be made to any shareholder or institutional investor, under the Entitlement Offer (including the Institutional Shortfall Bookbuild and the Retail Shortfall Bookbuild), if their participation in the Entitlement Offer (including the issue of New Shares pursuant to their application) would cause any person to have voting power which exceeds 10%, being the applicable limit under the constitution of Echo.

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## Appendix D

### Glossary

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# 4. ASX ANNOUNCEMENTS

## Glossary

Capital expenditure (capex)	Unless otherwise stated, capital expenditure is presented on an accruals basis and excludes intangible assets, investments in associates and equity acquisitions. It is shown gross of any fixed asset disposals proceeds
CCIRS	US Cross Currency Interest Rate Swaps
Customer front money	Deposits of funds at the casino cage that the player intends to use as security for casino play. Front money deposits enable a player to draw upon funds by signing markers at the table games up to the amount of the deposit
IRB	International Rebate Business
MTD	Month to date
Normalised EBITDA	Normalised EBITDA is based on normalised revenue, which is calculated using an average win rate and average number of turns of front money experienced over the last 5 years in the IRB, calculated on a rolling basis ending 30 June. Please refer to page 13 for the basis of this assumption
PCP	Prior comparable period
SFA	Syndicated Bank Facility
Significant items	Significant items are items of income or expense which are, either individually or in aggregate, material to Echo and: •Outside the ordinary course of business (e.g. gains or losses on the sale or termination of operations, the cost of significant reorganisations or restructuring); or •Part of the ordinary activities of the business but unusual due to their size and nature.
Statutory EBITDA	Earnings before interest, tax, depreciation and amortisation
TERP	Theoretical Ex-Rights Price
USPP	United States Private Placement

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# ASX ANNOUNCEMENT

ECHO ENTERTAINMENT GROUP



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18 June 2012

## **ECHO ENTERTAINMENT GROUP LIMITED SUCCESSFULLY COMPLETES INSTITUTIONAL COMPONENT OF ENTITLEMENT OFFER**

Echo Entertainment Group Limited ("**Echo**" or the "**Company**") today announced the successful completion of the institutional component of its fully underwritten 1 for 5 accelerated renounceable entitlement offer of new Echo ordinary shares ("**New Shares**") at an offer price of \$3.30 per New Share ("**Offer Price**") ("**Entitlement Offer**").

- Institutional Entitlement Offer successfully closed to raise approximately \$266 million
- Approximately 95% take-up by eligible institutional shareholders
- Balance of Institutional Entitlement Offer cleared and sold in shortfall bookbuild conducted before market open at \$0.80 per Entitlement
- Echo shares will recommence trading today, Monday 18 June 2012
- Retail Entitlement Offer opens on Monday, 25 June 2012

The close of the institutional component of the Entitlement Offer ("**Institutional Entitlement Offer**") represents the first stage of Echo's approximately \$454 million equity raising, announced on Thursday, 14 June 2012. The Institutional Entitlement Offer has raised gross proceeds of approximately \$266 million (subject to final shareholding reconciliations).

The Institutional Entitlement Offer attracted strong demand from Echo's institutional shareholders, with eligible institutional shareholders taking up approximately 95% of the New Shares available to them as part of the Institutional Entitlement Offer.

Approximately 4.3 million Entitlements were available in the institutional shortfall bookbuild, which was conducted this morning. The bookbuild was well supported with a clearing price of \$0.80 per Entitlement, being \$0.80 above the Offer Price. Accordingly, the total amount to be paid by successful participants in the institutional shortfall bookbuild is \$4.10 (being the Offer Price of \$3.30 plus \$0.80 per Entitlement).

Eligible institutional shareholders who elected not to take up their Entitlements together with ineligible institutional shareholders will receive \$0.80 for each Entitlement not taken up (less any applicable withholding tax).

# 4. ASX ANNOUNCEMENTS

## ASX ANNOUNCEMENT

ECHO ENTERTAINMENT GROUP



New Shares taken up under the Institutional Entitlement Offer and the institutional shortfall bookbuild for ineligible institutional shareholders are expected to be issued on 2 July 2012 and commence trading on ASX on the same day.

### **Crown Group to participate in the retail component of the Entitlement Offer**

A subsidiary of Crown Limited, Pennwin Pty Ltd ("**Crown**"), has a direct shareholding of approximately 10% in Echo. Echo has been advised by Crown that, on the basis that the Entitlement Offer proceeds as announced, it intends to take up its Entitlement in full. This will be settled with the retail component of the Offer to ensure that Crown does not have voting power in Echo in excess of 10% (being the applicable limit under the Echo constitution).

### **Retail Entitlement Offer**

Eligible retail shareholders will be invited to participate in the retail component of the Entitlement Offer ("**Retail Entitlement Offer**"), which is expected to raise approximately \$188 million, at the same Offer Price and offer ratio as the Institutional Entitlement Offer. The Retail Entitlement Offer will open on Monday, 25 June 2012 and close at 5.00pm (AEST) on Monday, 9 July 2012.

Entitlements under the Retail Entitlement Offer may only be exercised by eligible retail shareholders, being persons who:

- are registered holders of Echo ordinary shares at 7:00pm (AEST) on Monday, 18 June 2012;
- have a registered address on the Echo share register in Australia or New Zealand;
- are not in the United States and are not U.S. Person (as defined in Rule 902(k) of Regulation S under the Securities Act of 1933) or acting for the account or benefit of a U.S. Person;
- were either:
  - not invited to participate (other than as a nominee in respect of other underlying holdings) in the Institutional Entitlement Offer; or
  - invited to participate in the Institutional Entitlement Offer but did not warrant that their participation in (including the issue of New Shares pursuant to their application under) the Institutional Entitlement Offer would not cause any person to have voting power in Echo which exceeds 10% (being the applicable limit

# ASX ANNOUNCEMENT

ECHO ENTERTAINMENT GROUP



under the constitution of Echo), and were not treated as ineligible institutional shareholders under the Institutional Entitlement Offer; and

- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

It is the responsibility of retail shareholders to inform themselves of the eligibility criteria for exercise of Entitlements. Further details on eligibility criteria to exercise Entitlements will be included in the retail offer booklet to be lodged with ASX on or about Monday, 25 June 2012.

Entitlements not taken up by eligible retail shareholders and Entitlements of ineligible retail shareholders not entitled to participate in the Retail Entitlement Offer, will be sold for the benefit of such retail shareholders through the retail shortfall bookbuild on Thursday, 12 July 2012 (after market close) and Friday, 13 July 2012 (before market open) ("**Retail Shortfall Bookbuild**"). If the price set under the Retail Shortfall Bookbuild exceeds the Offer Price, the difference between the two amounts will be paid to those shareholders net of withholding tax ("**Retail Premium**") on a pro rata basis in respect of the number of Entitlements that were sold for their benefit in the Retail Shortfall Bookbuild. There is no guarantee that there will be any Retail Premium. Retail Entitlements cannot be traded on ASX.

Further details about the Retail Entitlement Offer, including restrictions on eligibility to exercise Entitlements, will be set out in the retail offer booklet, which Echo expects to lodge with ASX on or about Monday, 25 June 2012.

Key dates for the Retail Entitlement Offer are provided in the Appendix to this announcement.

## **10% shareholder limit**

No application, acceptance, formal bids or other commitments will be accepted, and no allocations or allotments will be made to any shareholder or institutional investor, under the Entitlement Offer (including the Institutional Shortfall Bookbuild and the Retail Shortfall Bookbuild), if their participation in the Entitlement Offer (including the issue of New Shares pursuant to their application) would cause any person to have voting power in Echo which exceeds 10%, being the applicable limit under the constitution of Echo.

## **Shareholder enquiries**

Retail shareholders who have questions regarding the Retail Entitlement Offer should call the Echo Offer Shareholder Information Line on 1300 880 923 (local call cost within Australia) or +61 2 8280 7504 (from outside Australia) at any time from 8.30am to 7.30pm

# 4. ASX ANNOUNCEMENTS

## ASX ANNOUNCEMENT

ECHO ENTERTAINMENT GROUP



(AEST) Monday to Friday during the Retail Entitlement Offer period, or consult their stockbroker, accountant or other independent professional adviser.

### Important Information

This release does not constitute an offer to sell, or the solicitation of an offer to buy, securities in the United States or in any other jurisdiction in which such an offer would be illegal. This release 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. In particular, neither the Entitlements nor the New Shares have been, and none of them will be, registered under the U.S. Securities Act of 1933 (the "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 to, directly or indirectly, persons in the United States, except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws.

# ASX ANNOUNCEMENT

ECHO ENTERTAINMENT GROUP



## Appendix – Key dates for the Retail Entitlement Offer

Event	Date
Announcement and Entitlement Offer opens	Thursday, 14 June
Trading halt lifted	Monday, 18 June
Record date (7:00pm)	Monday, 18 June
Retail Entitlement Offer opens	Monday, 25 June
Retail Entitlement Offer closes	Monday, 9 July
Retail Shortfall Bookbuild opens	Thursday, 12 July
Retail Shortfall Bookbuild closes	Friday, 13 July
Retail Entitlement Offer and Retail Shortfall Bookbuild settlement	Wednesday, 18 July
Retail Entitlement Offer and Retail Shortfall Bookbuild allotment	Thursday, 19 July
Holding statements of New Shares despatched, New Shares issued under the Retail Entitlement Offer commence normal settlement trading	Friday, 20 July

Note: The above timetable is indicative only and subject to change. Echo reserves the right to amend any or all of these events, dates and times subject to the Corporations Act 2001 (Cth), the Australian Securities Exchange ("ASX") Listing Rules and other applicable laws. In particular, Echo reserves the right to extend the closing date of the offers, to accept late applications either generally or in particular cases or to withdraw the offers without prior notice. The commencement of quotations of New Shares is subject to confirmation from ASX. All references in announcement are to AEST.

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# Section Five

## Important information

# 5. IMPORTANT INFORMATION

This Retail Offer Booklet (including the ASX announcements in Section 4) and enclosed personalised Entitlement and Acceptance Form (**Information**) have been prepared by Echo.

This Information is dated Monday, 25 June 2012 (other than the Echo Investor Presentation and the Echo Entitlement Offer launch announcement dated Thursday, 14 June 2012 and the Institutional Entitlement Offer completion announcement dated Monday, 18 June 2012). This Information remains subject to change without notice and Echo is not responsible for updating this Information.

There may be additional announcements made by Echo after the date of this Retail Offer Booklet and throughout the period that the Retail Entitlement Offer is open that may be relevant to your consideration of whether to take up or do nothing in respect of your Entitlement. Therefore, it is prudent that you check whether any further announcements have been made by Echo (by visiting the ASX website at [www.asx.com.au](http://www.asx.com.au)) before submitting your application to take up your Retail Entitlement, or letting your Retail Entitlement be sold through the Retail Shortfall Bookbuild.

No party other than Echo has authorised or caused the issue of this Information, or takes any responsibility for, or makes, any statements, representations or undertakings in this Information.

**This Information is important and requires your immediate attention.**

You should read this Information carefully and in its entirety before deciding how to deal with your Entitlement. In particular, you should consider the risk factors outlined in the “Key risks” section of the Echo Investor Presentation included in Section 4 of this Retail Offer Booklet, any of which could affect the operating and financial performance of Echo or the value of an investment in Echo.

You should consult your stockbroker, accountant or other professional adviser to evaluate whether or not to participate in the Retail Entitlement Offer.

## 5.1 ELIGIBLE RETAIL SHAREHOLDERS

This Information contains an offer of Entitlements to subscribe for New Shares to Eligible Retail Shareholders in Australia or New Zealand and has been prepared in accordance with section 708AA of the Corporations Act as notionally modified by ASIC.

Eligible Retail Shareholders are those persons who:

- Are registered as a holder of Shares as at the Record Date, being 7.00pm (AEST) on Monday, 18 June 2012;
- Have a registered address on the Echo share register in Australia or New Zealand;
- Are not in the United States;
- Were not invited to participate (other than as nominee, in respect of other underlying holdings) under the Institutional Entitlement Offer, or were invited to participate in the Institutional Entitlement Offer but did not warrant that their participation in (including the issue of New Shares pursuant to their application under) the Institutional Entitlement Offer will not cause any person to exceed the Echo Maximum Voting Power, and were not treated as Ineligible Institutional Shareholders under the Institutional Entitlement Offer;
- Will not, by taking up their Entitlement under the Retail Entitlement Offer, have, or cause any other person to have, Voting Power in Echo in excess of the Echo Maximum Voting Power; and
- Are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Retail shareholders who are not Eligible Retail Shareholders are Ineligible Retail Shareholders. Echo reserves the right to determine whether a retail shareholder is an Eligible Retail Shareholder or an Ineligible Retail Shareholder.

By returning a completed personalised Entitlement and Acceptance Form or making a payment by BPAY®, you will be taken to have represented and warranted that you satisfy each of the criteria listed above to be an Eligible Retail Shareholder. Nominees, trustees or custodians are therefore advised to seek independent professional advice as to how to proceed.

Echo may (in its absolute discretion) extend the Retail Entitlement Offer to any institutional shareholder of Echo that was eligible to participate in the Institutional Entitlement Offer but was not invited to participate in the Institutional Entitlement Offer (subject to compliance with relevant laws).

Echo has decided that it is unreasonable to make offers under the Retail Entitlement Offer to shareholders who have registered addresses outside Australia and New Zealand, having regard to the number of such holders in those places and the number and value of the New Shares that they would be offered, and the cost of complying with the relevant legal and regulatory requirements in those places. Echo may (in its absolute discretion) extend the Retail Entitlement Offer to shareholders who have registered addresses outside Australia and New Zealand (except the United States) in accordance with applicable law.

## 5.2 RESTRICTIONS UNDER ECHO'S CONSTITUTION

Eligible Institutional Shareholders are shareholders that are institutional investors to whom the Underwriters made an offer on behalf of Echo under the Institutional Entitlement Offer.

Echo's constitution requires that a person's Voting Power in Echo must not exceed the Echo Maximum Voting Power, without the written consent of the NSW Independent Liquor & Gaming Authority or the relevant Queensland Minister while relevant subsidiaries of Echo are involved in certain gambling activities. In addition, Echo must not knowingly permit a person to have Voting Power in Echo in excess of the Echo Maximum Voting Power.

There are also restrictions on shareholdings in Echo which relate to the suitability of persons to be associated with certain members of the Echo group of companies.

Echo's constitution confers certain powers on the Echo Board, the NSW Independent Liquor & Gaming Authority or the 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.

As such, if you:

- Were not invited to participate (other than as nominee, in respect of other underlying holdings) in the Institutional Entitlement Offer on the basis that, if you did so participate, a person's Voting Power in Echo would exceed the Echo Maximum Voting Power; or
- Were invited to participate in the Institutional Entitlement Offer but did not warrant that your participation in (including the issue of New Shares pursuant to your application under) the Institutional Entitlement Offer will not cause any person to exceed the Echo Maximum Voting Power,

then you will only be able to participate through the Retail Entitlement Offer. In those circumstances, your eligibility to participate in the Retail Entitlement Offer will also require that your Voting Power in Echo not exceed, or cause another person's Voting Power to exceed, the Echo Maximum Voting Power and that you provide representations to that effect.

## 5.3 RANKING OF NEW SHARES

New Shares issued under the Retail Entitlement Offer will be fully paid and from allotment rank equally in all respects with existing Shares and will be entitled to dividends on the same basis as existing Shares. The rights and liabilities attaching to the New Shares are set out in Echo's constitution, a copy of which is available at [www.echoentertainment.com](http://www.echoentertainment.com).

## 5.4 RISKS

The Echo Investor Presentation details important factors and risks that could affect the financial and operating performance of Echo and your decision whether and how to participate in the Entitlement Offer. You should refer to the "Key risks" section of the Echo Investor Presentation dated Thursday, 14 June 2012 and released to ASX on Friday, 15 June 2012 which is included in Section 4 of this Retail Offer Booklet. You should consider these factors in light of your personal circumstances, including financial and taxation issues, before making a decision in relation to your Entitlement.

# 5. IMPORTANT INFORMATION

## continued

### 5.5 RECONCILIATION, TOP-UP SHARES AND THE RIGHTS OF ECHO AND THE UNDERWRITERS

The Entitlement Offer is a complex process and in some instances investors may believe that they will own more Shares than they ultimately did as at the Record Date or are otherwise entitled to more New Shares than initially offered to them. In addition, where trustees of Echo's employee share plans hold shares on behalf of participants in those plans, the number of New Shares that are offered may need to increase to take account of the rounding referred to in Section 5.8. These matters may result in a need for reconciliation. If reconciliation is required, it is possible that Echo may need to issue additional New Shares (**Top-Up Shares**) to ensure that the relevant investors receive their appropriate allocation of New Shares. The price at which these Top-Up Shares would be issued is not known.

Echo also reserves the right to reduce the size of an Entitlement or number of New Shares or the amount of the Institutional Premium or Retail Premium allocated to Eligible Institutional Shareholders or Eligible Retail Shareholders, or persons claiming to be Eligible Institutional Shareholders or Eligible Retail Shareholders or other applicable investors, if Echo believes in its complete discretion that their claims are overstated or if they or their nominees fail to provide information requested to substantiate their claims. In that case, Echo may, in its discretion, 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 to purchase additional Shares on-market to meet this obligation. The relevant shareholder will bear any and all losses caused by subscribing for New Shares in excess of their Entitlement and any actions they are required to take in this regard.

Echo also reserves the right not to allot securities to a person where (or to the extent that) Echo believes in its complete discretion that the person's or another's Voting Power in Echo will, by such participation in the Entitlement Offer, exceed the Echo Maximum Voting Power; or to defer allotment until such time as the status of the relevant person and their associates has been clearly established. Refer to Part 5.2 on restrictions under Echo's constitution.

By applying under the Entitlement Offer, including pursuant to acquisitions of New Shares following exercise of Entitlements, those doing so irrevocably acknowledge and agree to do the above as required by Echo in its absolute discretion. Those applying acknowledge that there is no time limit on the ability of Echo or the Underwriters to require any of the actions set out above. Echo reserves the right to determine whether a retail shareholder is an Eligible Retail Shareholder or an Ineligible Retail Shareholder.

### 5.6 RECEIPT OF EXCESS RETAIL PREMIUM

If you receive a Retail Premium payment in excess of the Retail Premium payment to which you were actually entitled based on your holding as at the Record Date, then, in the absolute discretion of Echo, you may be required to repay Echo the excess Retail Premium.

By taking up your Retail Entitlement, or accepting the payment to you of a Retail Premium, you irrevocably acknowledge and agree to repay any excess payment of the Retail Premium as set out above as required by Echo in its absolute discretion. In this case the amount required to be repaid will be net of any applicable withholding tax. You also acknowledge that there is no time limit on the ability of Echo to require repayment as set out above and that where Echo exercises its right to correct your Retail Entitlement, you are treated as continuing to have taken up any remaining part of the Retail Entitlement.

### 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 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 NO ENTITLEMENT TRADING

Entitlements are renounceable but cannot be traded on ASX or any other exchange, nor can they be privately transferred.

## 5.10 NOTICE TO NOMINEES AND CUSTODIANS

If Echo believes you hold Shares as a nominee or custodian you will have received, or will shortly receive, a letter in respect of the Entitlement Offer. Nominees and custodians should consider carefully the contents of that letter and note in particular that the Retail Entitlement Offer is not available to, and they must not purport to accept the Retail Entitlement Offer in respect of, Eligible Institutional Shareholders who were invited to participate in the Institutional Entitlement Offer (whether they accepted their Entitlement or not) and institutional shareholders of Echo who were treated as Ineligible Institutional Shareholders under the Institutional Entitlement Offer. Any person who, by participating under the Institutional Entitlement Offer, will have, or cause another person to have, a Voting Power in excess of the Echo Maximum Voting Power will not be able to participate in the Institutional Entitlement Offer and will be entitled to participate in the Retail Entitlement Offer as if they are an Eligible Retail Shareholder, provided that by such participation, their Voting Power in Echo will not exceed the Echo Maximum Voting Power.

Persons acting as nominees for other persons must not take up any Entitlements on behalf of, or send any documents related to the Retail Entitlement Offer to, any person in the United States. Persons in the United States will not be able to exercise any Entitlements and may receive no value for them.

Echo is not required to determine whether or not any registered holder or investor is acting as a nominee or custodian or the identity or residence of any beneficial owners of existing Shares or Entitlements. Where any person is acting as a nominee or custodian for a foreign person, that person, in dealing with its beneficiary, will need to assess whether indirect participation in the Entitlement Offer by the beneficiary, complies with applicable foreign laws. Echo is not able to advise on foreign laws.

## 5.11 NOT INVESTMENT ADVICE

This Retail Offer Booklet is not a prospectus under the Corporations Act and has not been lodged with ASIC. It is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. Echo is not licensed to provide financial product advice in respect of the New Shares. This Information does not purport to contain all the information that you may require to evaluate a possible application for New Shares, nor does it purport to contain all the information which would be required in a prospectus prepared in accordance with the requirements of the Corporations Act. It should be read in conjunction with Echo's other periodic statements and continuous disclosure announcements lodged with ASX, which are available at [www.echoentertainment.com.au](http://www.echoentertainment.com.au).

Before deciding whether to apply for New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If, after reading the Information, you have any questions about the Retail Entitlement Offer, you should contact your stockbroker, accountant or other professional adviser or call the Echo Offer Information Line on 1300 880 923 (within Australia) or +61 2 8280 7504 (outside Australia) between 8.30am and 7.30pm (AEST) Monday to Friday.

Nominees and custodians may not distribute any part of this Retail Offer Booklet in the United States or in any other country outside Australia and New Zealand except (i) Australian and New Zealand nominees may send this Retail Offer Booklet and related offer documents to beneficial shareholders who are professional or institutional shareholders in other countries (other than the United States) listed in, and to the extent permitted under the "International selling restrictions" section of the Echo Investor Presentation included in Section 4 of this Retail Offer Booklet; and (ii) to beneficial shareholders in other countries (other than the United States) where Echo may determine it is lawful and practical to make the Retail Entitlement Offer.

# 5. IMPORTANT INFORMATION

## continued

### 5.12 QUOTATION AND TRADING

Echo has applied to the ASX for official quotation of the New Shares in accordance with the ASX Listing Rule requirements. If ASX does not grant quotation of the New Shares, Echo will repay all Application Monies (without interest).

Subject to approval being granted, it is expected that normal trading of New Shares allotted under the Retail Entitlement Offer will commence normal settlement trading at 10.00am (AEST) on Friday, 20 July 2012.

### 5.13 INFORMATION AVAILABILITY

If you are in Australia or New Zealand, you can obtain a copy of this Retail Offer Booklet during the Entitlement Offer on the Echo Entitlement Offer website at [www.echoentertainment.com.au](http://www.echoentertainment.com.au) or you can call the Echo Offer Information Line on 1300 880 923 (within Australia) or +61 2 8280 7504 (outside Australia) between 8.30am and 7.30pm (AEST) Monday to Friday.

A replacement Entitlement and Acceptance Form can also be requested by calling the Echo Offer Information Line.

If you access the electronic version of this Retail Offer Booklet, you should ensure that you download and read the entire Retail Offer Booklet. The electronic version of this Retail Offer Booklet on the Echo Entitlement Offer website will not include an Entitlement and Acceptance Form.

### 5.14 FOREIGN JURISDICTIONS

This Information has been prepared to comply with the requirements of the securities laws of Australia and New Zealand. To the extent that you hold Shares or Entitlements on behalf of another person resident outside Australia or New Zealand, it is your responsibility to ensure that any participation (including for your own account or when you hold Shares or Entitlements beneficially for another person) complies with all applicable foreign laws and that each beneficial owner on whose behalf you are submitting the personalised Entitlement and Acceptance Form is not in the United States.

This Retail Offer Booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Retail Entitlement Offer, the Entitlements or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia and New Zealand.

The distribution of this Information (including an electronic copy) outside Australia and New Zealand may be restricted by law. If you come into possession of this Information, you should observe such restrictions and should seek your own advice on such restrictions. See the international selling restrictions set out in the “International selling restrictions” section of the Echo Investor Presentation included in Section 4 of this Retail Offer Booklet for more information.

Any non-compliance with these restrictions may contravene applicable securities laws.

#### **New Zealand**

The Entitlements and the New Shares are not being offered or sold to the public within New Zealand other than to existing shareholders of Echo with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2002* (New Zealand). The offer of New Shares is renounceable in favour of members of the public.

This Retail Offer Booklet has not been registered, filed with or approved by any New Zealand regulatory authority under the *Securities Act 1978* (New Zealand). This Retail Offer Booklet is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

#### **United States**

The Entitlements and New Shares have not been and will not be registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction in the United States, and may not be offered, sold or resold in the United States except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and the applicable securities

laws of any state or other jurisdiction in the United States. The Entitlements and the New Shares in the Retail Entitlement Offer will be sold only in “offshore transactions” (as defined in Rule 902(h) of Regulation S under the U.S. Securities Act) in compliance with Regulation S under the U.S. Securities Act. Because of these legal restrictions, you must not distribute, release or send copies of this Retail Offer Booklet or any other material relating to the Retail Entitlement Offer to any person in the United States.

#### 5.15 UNDERWRITING OF THE ENTITLEMENT OFFER

Echo has entered into an underwriting agreement (**Underwriting Agreement**) with Macquarie Capital (Australia) Limited (ABN 79 123 199 548) and UBS AG, Australia Branch (ABN 47 088 129 163) (the **Underwriters**) who have agreed to manage and fully underwrite the Entitlement Offer. As is customary with these types of arrangements:

- Echo has agreed to indemnify the Underwriters, their affiliates and related bodies corporate, and each of their directors, officers, employees, agents and advisers against certain losses they may suffer or incur in connection with the Entitlement Offer;
- Echo and the Underwriters have given certain representations, warranties and undertakings in connection with (among other things) the Entitlement Offer;
- The Underwriters may (in certain circumstances, having regard to the materiality of the relevant event) terminate the Underwriting Agreement and be released from their obligations under it on the occurrence of certain events, including (but not limited to) where:
  - Echo is removed from the official list of ASX, its Shares are suspended from quotation, or approval for quotation of the New Shares is not given by ASX;
  - There are certain delays in the timetable for the Entitlement Offer without the Underwriters’ consent;

- Any of the offer documents (including this Retail Offer Booklet and all ASX announcements made in connection with the Entitlement Offer) omits information required by the Corporations Act or is or becomes misleading or deceptive (including by omission) or likely to mislead or deceive, including where there are no reasonable grounds for the making of any statement about a future matter in the offer documents;
- A corrective statement is required to be issued to correct the initial cleansing statement;
- Other than has been disclosed to ASX, there is a material adverse change, or an event occurs which is likely to give rise to a material adverse change, in the assets or liabilities, financial position or performance, profits or loss or prospects of the Echo Group.
- In addition, if the ASX/S&P200 Index falls by 10% or more for two consecutive trading days up to (or as at the closing of trading on) the day before institutional settlement date, then the Underwriters and Echo have the right to renegotiate the offer price and offer ratio.

#### 5.16 ASX WAIVERS

In order to conduct the Entitlement Offer, ASX has granted Echo waivers from ASX Listing Rules 3.20.2, 7.1, 7.40 and 10.11 subject to a number of customary conditions.

The waivers also allow Echo to ignore, for the purposes of determining Entitlements, transactions occurring after the announcement of the trading halt in Shares (other than registrations of ASX Trade transactions which were effected before the announcement) (**post ex-date transactions**). Such transactions are to be ignored in determining holders and registered holders, and holdings and registered holdings, of existing Shares as at the Record Date, and references to such holders, registered holders, holdings and registered holdings are to be read accordingly. Therefore, if you have acquired Shares in a post ex-date transaction, you will not receive an Entitlement in respect of those Shares.



# 5. IMPORTANT INFORMATION

## continued

### 5.17 GOVERNING LAW

This Information, the Retail Entitlement Offer and the contracts formed on acceptance of the Entitlement and Acceptance Forms are governed by the laws applicable in New South Wales, Australia. Each Applicant for Entitlements or New Shares submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

### 5.18 DISCLAIMER OF REPRESENTATIONS

No person is authorised to give any information, or to make any representation, in connection with the Retail Entitlement Offer that is not contained in this Information.

Any information or representation that is not in this Information may not be relied on as having been authorised by Echo, or its related bodies corporate, in connection with the Retail Entitlement Offer. Except as required by law, and only to the extent so required, none of Echo, nor any other person, warrants or guarantees the future performance of Echo or any return on any investment made pursuant to this Information or its content.

### 5.19 WITHDRAWAL OF THE ENTITLEMENT OFFER

Echo reserves the right to withdraw or vary all or part of the Entitlement Offer and this Information at any time, subject to applicable laws, in which case Echo will refund Application Monies in relation to Entitlements or New Shares not already issued in accordance with the Corporations Act and without payment of interest. In circumstances where allotment under the Institutional Entitlement Offer has occurred, Echo may only be able to withdraw the Entitlement Offer with respect to New Shares to be issued under the Retail Entitlement Offer.

To the fullest extent permitted by law, you agree that any Application Monies paid by you to Echo will not entitle you to receive any interest and that any interest earned in respect of Application Monies will belong to Echo.

### 5.20 PRIVACY

As a shareholder, Echo and the Echo Share Registry have already collected certain personal information from you. If you apply for Entitlements or New Shares, Echo and the Echo Share Registry may update that personal information or collect additional personal information. Such information may be used to assess your acceptance of the Entitlement or New Shares, service your needs as a shareholder, provide facilities and services that you request and carry out appropriate administration.

To do that, Echo and the Echo Share Registry may disclose your personal information for purposes related to your shareholdings to their agents, contractors or third party service providers to whom they outsource services, in order to assess your application for your Entitlement or New Shares; the Echo Share Registry for ongoing administration of the register; printers and mailing houses for the purposes of preparation of the distribution of shareholder information and for handling of mail; or as otherwise permitted under the *Privacy Act 1988* (Cth).

If you do not provide us with your personal information we may not be able to process your application. In most cases you can gain access to your personal information held by (or on behalf of) Echo or the Echo Share Registry. We aim to ensure that the personal information we retain about you is accurate, complete and up to date. To assist us with this please contact us if any of the details you have provided change. If you have concerns about the completeness or accuracy of the information we have about you, we will take steps to correct it. You can request access to your personal information by telephoning or writing to Echo through the Echo Share Registry as follows:

#### **Link Market Services Limited**

Level 12

680 George Street

Sydney NSW 2000

Phone: +61 2 8280 7111

# Glossary

# GLOSSARY

<b>AEST</b>	Australian Eastern Standard Time
<b>Applicant</b>	The relevant Eligible Retail Shareholder who accepts their Entitlement of New Shares
<b>Application Monies</b>	Offer Price multiplied by the number of New Shares subscribed for
<b>ASIC</b>	Australian Securities and Investments Commission (ABN 86 768 265 615)
<b>ASX</b>	ASX Limited (ACN 008 624 691) trading as the Australian Securities Exchange
<b>ATO</b>	Australian Taxation Office
<b>Clearing Price</b>	Price achieved under the Retail Shortfall Bookbuild for the sale of New Shares
<b>Commissioner</b>	The Commissioner of Taxation
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth)
<b>CRN</b>	Customer Reference Number
<b>GST</b>	Goods and Services Tax
<b>Echo</b>	Echo Entertainment Group Limited (ABN 85 149 629 023)
<b>Echo Maximum Voting Power</b>	A Voting Power in Echo of 10%, being the applicable limit under the Echo constitution
<b>Eligible Institutional Shareholder</b>	An institutional shareholder of Echo to whom the Joint Lead Managers made an offer on behalf of Echo under the Institutional Entitlement Offer (either directly or indirectly through a nominee), and who the Joint Lead Managers determine successfully received that offer and who warrants that participation in the Institutional Entitlement Offer will not cause any person to have Voting Power in Echo in excess of the Echo Maximum Voting Power
<b>Eligible Retail Shareholders</b>	As defined in Section 5.1
<b>Entitlement</b>	The right to subscribe for New Shares pursuant to the Entitlement Offer
<b>Entitlement and Acceptance Form</b>	Personalised application form for New Shares that is provided to Eligible Retail Shareholders
<b>Entitlement Offer</b>	Offer of New Shares under the Institutional Entitlement Offer and the Retail Entitlement Offer
<b>Ineligible Institutional Shareholders</b>	Any institutional shareholder of Echo who is not an Eligible Institutional Shareholder and who is not otherwise eligible to participate in the Retail Entitlement Offer
<b>Ineligible Retail Shareholder</b>	Any retail shareholder of Echo who is not an Eligible Retail Shareholder
<b>Information</b>	This Retail Offer Booklet and personalised Entitlement and Acceptance Form
<b>Institutional Entitlement</b>	Entitlement under the Institutional Entitlement Offer
<b>Institutional Entitlement Offer</b>	The offer to Eligible Institutional Shareholders to acquire 1 New Share for every 5 Shares held on the Record Date
<b>Institutional Premium</b>	Amount above the Offer Price per New Share in respect of Entitlements sold in the Institutional Shortfall Bookbuild

<b>Institutional Shortfall Bookbuild</b>	Process through which renounced Institutional Entitlements and Entitlements of Ineligible Institutional Shareholders are offered for sale to certain institutional investors, for the relevant shareholders' benefit, through a bookbuild process on Monday, 18 June 2012
<b>Joint Lead Managers</b>	Macquarie Capital (Australia) Limited (ABN 79 123 199 548) and UBS AG, Australia Branch (ABN 47 088 129 163)
<b>New Share</b>	A Share offered under the Entitlement Offer
<b>Offer Price</b>	A\$3.30 for each New Share
<b>Record Date</b>	7.00pm on Monday, 18 June 2012
<b>Retail Entitlement</b>	Entitlement under the Retail Entitlement Offer
<b>Retail Entitlement Offer</b>	The offer to Eligible Retail Shareholders to acquire 1 New Share for every 5 Shares held on the Record Date
<b>Retail Premium</b>	Amount above the Offer Price per New Share in respect of Entitlements sold in the Retail Shortfall Bookbuild
<b>Retail Shortfall Bookbuild</b>	Process through which renounced Retail Entitlements and Entitlements of Ineligible Retail Shareholders are offered for sale to certain institutional investors, for the relevant shareholders' benefit, through a bookbuild process on Thursday, 12 July to Friday, 13 July 2012
<b>Share</b>	Fully paid ordinary share of Echo
<b>TERP</b>	Theoretical ex-rights price
<b>TFN</b>	Tax File Number
<b>TOFA</b>	Taxation of Financial Agreements
<b>Top-Up Shares</b>	Additional New Shares required to be issued by Echo for reconciliation
<b>Underwriters</b>	Macquarie Capital (Australia) Limited (ABN 79 123 199 548) and UBS AG, Australia Branch (ABN 47 088 129 163)
<b>Underwriting Agreement</b>	Agreement between Echo and the Underwriters entered into on Thursday, 14 June 2012
<b>U.S. Securities Act</b>	U.S. Securities Act of 1933
<b>Voting Power</b>	Has the meaning given to it in section 610 of the Corporations Act

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# CORPORATE DIRECTORY

**Echo Offer Information Line**

Within Australia: 1300 880 923  
Outside Australia: +61 2 8280 7504  
Open between 8.30am to 7.30pm (AEST),  
Monday to Friday

**Issuer**

**Echo Entertainment Group Limited**  
ABN 85 149 629 023  
Level 3  
159 William Street  
Brisbane Qld 4000  
[www.echoentertainment.com.au](http://www.echoentertainment.com.au)

**Echo Share Registry**

Link Market Services Limited  
ABN 54 083 214 537  
Level 12, 680 George Street  
Sydney NSW 2000  
[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

**Financial Adviser**

**Flagstaff Partners Pty Ltd**  
Level 20  
101 Collins Street  
Melbourne VIC 3000

**Joint Lead Managers and Underwriters**

**Macquarie Capital (Australia) Limited**  
ABN 79 123 199 548  
Level 9  
1 Martin Place  
Sydney NSW 2000

**UBS AG, Australia Branch**

ABN 47 088 129 163  
Level 16, Chifley Tower  
2 Chifley Square  
Sydney NSW 2000

**Legal Counsel**

**King & Wood Mallesons**  
Level 61, Governor Phillip Tower  
1 Farrer Place  
Sydney NSW 2000





SRN/HIN:

Entitlement Number:

Number of Shares held as  
at the Record Date, 7:00pm (AEST)  
on 18 June 2012:

Entitlement to New Shares  
(on a 1 New Share for 5 basis):

Amount payable on full acceptance  
at A\$3.30 per New Share:

**Retail Entitlement Offer closes  
5:00pm (AEST):**

**9 July 2012**

## ENTITLEMENT AND ACCEPTANCE FORM

As an Eligible Retail Shareholder you are entitled to acquire 1 New Share for every 5 existing Shares that you hold on the Record Date, at an Offer Price of A\$3.30 per New Share. This is an important document and requires your immediate attention. If you do not understand it or you are in doubt as how to deal with it, you should contact your accountant, stockbroker, solicitor or other professional adviser.

**IMPORTANT:** The Offer is being made under the Retail Offer Booklet dated 25 June 2012. The Retail Offer Booklet contains information about investing in the New Shares. Before applying for New Shares, you should carefully read the Retail Offer Booklet. This Entitlement and Acceptance Form should be read in conjunction with the Retail Offer Booklet. If your Entitlements are not taken up, you will be taken to have authorised the sale of those Entitlements in the Retail Shortfall Bookbuild. These Entitlements will be offered for sale, for your benefit, in the Retail Shortfall Bookbuild. You will receive any proceeds in excess of the Offer Price in respect of your Entitlement, net of any withholding tax. In the event that the proceeds do not exceed the Offer Price, you will receive no value for them.

If you do not have a paper copy of the Retail Offer Booklet, you can obtain a paper copy at no charge, by calling the Echo Offer Information Line on 1300 880 923 (within Australia) or +61 2 8280 7504 (from outside Australia).

### PAYMENT OPTIONS

If you wish to take up all or part of your Entitlement, you have two payment options detailed below.

#### OPTION 1: PAYING BY BPAY®

If paying by BPAY®, refer to the instructions overleaf. **You do NOT need to return the acceptance slip below if you elect to make payment by BPAY®.** Payment must be received via BPAY® before 5:00pm (AEST) on 9 July 2012. You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry in time. By paying by BPAY® you will be deemed to have completed an Entitlement and Acceptance Form for the number of New Shares which are the subject of your application payment.



Billers Code: 706895

Ref:

#### OPTION 2: PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

If paying by cheque, bank draft or money order, complete and return the acceptance slip below with your Application Monies. No signature is required on the acceptance slip. The acceptance slip with your Application Monies must be received by the Registry before 5:00pm (AEST) on 9 July 2012.

Contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. More info: [www.bpay.com.au](http://www.bpay.com.au)

© Registered to BPAY Pty Ltd ABN 69 079 137 518

See overleaf for details and further instructions on how to complete and lodge this Entitlement and Acceptance Form.

**THIS IS A PERSONALISED FORM FOR THE SOLE USE OF THE SHAREHOLDER AND HOLDING RECORDED ABOVE.**

*Please detach and enclose with payment*

ECHO ENTERTAINMENT GROUP

SRN/HIN:

Entitlement Number:



**A** Number of New Shares accepted (being not more than your Entitlement shown above)

**B** Payment amount  
(Multiply the number in section A by A\$3.30)

**A\$**

**C PLEASE INSERT CHEQUE, BANK DRAFT OR MONEY ORDER DETAILS** – Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to “Echo Entitlement Offer” and crossed “Not Negotiable”.

Drawer

Cheque Number

BSB Number

Account Number

Amount of Cheque





**A\$**

**D CONTACT DETAILS** – Telephone number

Telephone number – after hours

Contact name

## ECHO ENTERTAINMENT GROUP LIMITED

The Entitlement Offer to which this Entitlement and Acceptance Form relates is not being made to investors located or resident outside of Australia and New Zealand. In particular the Entitlement Offer is not being made to any person in the U.S. The Retail Offer Booklet and Entitlement and Acceptance Form do not constitute an offer or invitation to acquire New Shares in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation.

### ACCEPTANCE OF ENTITLEMENT OFFER

By either returning the Entitlement and Acceptance Form with payment to the Registry, or making payment received by BPAY®:

- you represent and warrant that you have read and understood the Retail Offer Booklet and that you acknowledge the matters, and make the warranties and representations contained therein;
- you provide authorisation to be registered as the holder of New Shares acquired by you and agree to be bound by the constitution of Echo Entertainment Group Limited;
- you declare that all details and statements in this Entitlement and Acceptance Form are complete and accurate;
- you authorise Echo Entertainment Group Limited, the Underwriters and their respective officers or agents, to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Registry upon using the contact details set out in this Entitlement and Acceptance Form;
- you declare that you are the registered holder of ordinary Shares of Echo Entertainment Group Limited at the Record Date and that you are an Australian or New Zealand resident;
- you represent and warrant that the law of any other place does not prohibit you from being given the Retail Offer Booklet or from making an application on this Entitlement and Acceptance Form;
- you represent and warrant (for the benefit of Echo Entertainment Group Limited, the Underwriters and their respective affiliates) that you are not in the United States;
- you acknowledge that neither the entitlements nor the New Shares have been, and none of them will be, registered under the U.S. Securities Act of 1933 (the "Securities Act") or the securities laws of any state or other jurisdiction in the United States, or in any other jurisdiction outside Australia or New Zealand and accordingly, the entitlements may only be taken up by, and the New Shares may only be offered and sold, directly or indirectly, persons that are not in the United States in "offshore transactions" (as defined in Regulation S under the Securities Act) in reliance on Regulation S under the Securities Act;
- you agree not to send this Entitlement and Acceptance Form or any other material relating to the Entitlement Offer to any person in the United States; and
- without limiting the above, you represent and warrant that by taking up your Entitlement, you will not have, or cause any other person to have, voting power in Echo Entertainment Group Limited in excess of 10%.

### HOW TO APPLY FOR NEW SHARES

#### 1. IF PAYING BY BPAY® (AVAILABLE TO SHAREHOLDERS WITH AN AUSTRALIAN BANK ACCOUNT ONLY)

If you elect to make payment using BPAY® you must contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. For more information on paying by BPAY®: [www.bpay.com.au](http://www.bpay.com.au)

Work out the total amount payable by you. To calculate the total amount, multiply the number of New Shares you wish to apply for by A\$3.30.

Refer overleaf for the Biller Code and Reference Number. The Reference Number is used to identify your holding. If you have multiple holdings you will have multiple Reference Numbers. You must use the Reference Number shown on each personalised Entitlement and Acceptance Form when paying for any New Shares that you wish to apply for in respect of that holding.

#### 2. IF PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

Complete all relevant sections of the Entitlement and Acceptance Form USING BLOCK LETTERS. These instructions are cross referenced to each section of the Entitlement and Acceptance Form.

##### A. Acceptance of New Shares

Enter into section A the number of New Shares you wish to apply for. The number of New Shares must be equal to or less than your Entitlement, which is set out overleaf.

##### B. Payment Amount

Enter into section B the total amount payable by you. To calculate the total amount, multiply the number in section A by A\$3.30.

##### C. Cheque, bank draft or money order details

Enter your cheque, bank draft or money order details in section C. Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to "Echo Entitlement Offer" and crossed "Not Negotiable". Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. If you provide a cheque or money order for the incorrect amount, Echo Entertainment Group Limited may treat you as applying for as many New Shares as your cheque, bank draft or money order will pay for.

##### D. Contact details

Enter your contact telephone number where we may contact you regarding your acceptance of New Shares, if necessary.

### 3. HOW TO LODGE YOUR ENTITLEMENT AND ACCEPTANCE FORM

A reply paid envelope is enclosed for your use. No postage stamp is required if it is posted in Australia. Alternatively, if you have lost the reply paid envelope, or you have obtained the Retail Offer Booklet electronically, your completed Entitlement and Acceptance Form with the payment for New Shares may be mailed to the postal address, or delivered by hand to the delivery address, set out below. **If paying by BPAY® you do not need to complete or return the Entitlement and Acceptance Form.** You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry by the close of the offer.

#### Mailing Address

Echo Entertainment Group Limited  
C/- Link Market Services Limited  
GPO Box 3560  
Sydney NSW 2001

#### Hand Delivery

Echo Entertainment Group Limited  
C/- Link Market Services Limited  
1A Homebush Bay Drive  
Rhodes NSW 2138 **(Please do not use this address for mailing purposes)**

Make sure you send your acceptance slip and application payment allowing enough time for mail delivery, so Link Market Services Limited receives them no later than 5:00pm (AEST) on 9 July 2012. Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. Echo Entertainment Group Limited reserves the right not to process any acceptance slips and cheques received after 5:00pm (AEST) on 9 July 2012.

**If you require further information on how to complete this Entitlement and Acceptance Form, please contact the Echo Offer Information Line on 1300 880 923 (within Australia) or +61 2 8280 7504 (from outside Australia) between 8:30am and 7:30pm (AEST) Monday to Friday.**

25 June 2012

Dear Shareholder

## **ECHO ENTERTAINMENT GROUP LIMITED FULLY UNDERWRITTEN \$454 MILLION ACCELERATED RENOUNCEABLE ENTITLEMENT OFFER**

On 14 June 2012, Echo Entertainment Group Limited ("**Echo**") announced a fully underwritten 1 for 5 accelerated renounceable entitlement offer of new Echo ordinary shares ("**New Shares**") to raise approximately \$454 million ("**Entitlement Offer**"). The offer price is \$3.30 per New Share ("**Offer Price**").

This letter is to inform you about the Entitlement Offer, and to explain why you will not be able to subscribe for New Shares under the Entitlement Offer. This letter is not an offer of entitlements or an issue of New Shares to you, nor an invitation for you to take up entitlements or apply for New Shares. You are not required to do anything in response to this letter.

### **The Entitlement Offer and use of proceeds**

The Entitlement Offer comprises an institutional component and a retail component. The retail component is an offer to eligible retail shareholders to participate in the Entitlement Offer at the same Offer Price and offer ratio as the institutional component ("**Retail Entitlement Offer**").

The proceeds from the Entitlement Offer (less associated costs) will be used to repay debt and provide a revised capital structure that the Board of Echo believes is appropriate given growth in the International Rebate Business.

### **Details of the Entitlement Offer**

The Retail Entitlement Offer is being made to Eligible Retail Shareholders (as described below) on the basis of 1 New Share for every 5 existing Echo ordinary shares held on the Record Date of 7.00pm (AEST) on 18 June 2012.

An offer booklet in relation to the Retail Entitlement Offer ("**Retail Offer Booklet**") will be despatched to Eligible Retail Shareholders on or around 25 June 2012.

## **ECHO ENTERTAINMENT GROUP**

Echo Entertainment Group Ltd | ABN 85 149 629 023 | [echoentertainment.com.au](http://echoentertainment.com.au)

Brisbane Office | Level 3, 159 William Street, Brisbane, QLD 4000, Australia | T +61 7 3228 0000

Postal Address | PO Box Q192, QVB Post Office, NSW 1230, Australia



### Eligibility criteria

An Eligible Retail Shareholder is a person who is registered as a holder of existing Echo ordinary shares as at 7.00pm (AEST) on 18 June 2012 and who:

- has a registered address in Australia or New Zealand;
- is not in the United States;
- was either:
  - not invited to participate (other than as nominee, in respect of other underlying holdings) in the institutional entitlement offer; or
  - invited to participate in the institutional entitlement offer but did not warrant that their participation in (including the issue of New Shares pursuant to their application under) the institutional entitlement offer will not cause any person to have voting power in Echo which exceeds 10% (being the applicable limit under the constitution of Echo), and was not treated as an ineligible institutional shareholder under the institutional entitlement offer; and
- is eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Shareholders who are not Eligible Retail Shareholders and who were not invited to participate in the institutional entitlement offer (“**Ineligible Retail Shareholders**”) are not eligible to participate in the Retail Entitlement Offer.

The restrictions upon eligibility to participate in the Retail Entitlement Offer arise because of the legal and regulatory requirements in countries other than Australia or New Zealand and the potential costs to Echo of complying with these legal and regulatory requirements compared with the relatively small number of shareholders in those countries, the relatively small number of existing Echo ordinary shares they hold and the relatively low value of New Shares to which they would otherwise be entitled. Echo has determined, pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules and section 9A(3) of the Corporations Act 2001 (Cth), that it would be unreasonable to make or extend offers to shareholders in certain countries under the Retail Entitlement Offer.

**Unfortunately, according to our records, you do not satisfy the eligibility criteria for an Eligible Retail Shareholder stated above. Accordingly, in compliance with ASX Listing Rule 7.7.1(b), Echo wishes to advise you that it will not be extending the Retail Entitlement Offer to you and you will not be able to subscribe for New Shares under the Retail Entitlement Offer. You will not be sent the documents relating to the Retail Entitlement Offer.**

However, as the Entitlement Offer is renounceable, you may receive value for entitlements you would have received had you been eligible to participate in the Retail Entitlement Offer. Arrangements have been made for the entitlements that Ineligible Retail Shareholders would have received to be issued to a nominee to be sold, for their benefit, via a retail shortfall bookbuild on 12 July 2012 (after market close) and 13 July 2012 (before market open), which is to be undertaken by the underwriters to the Entitlement Offer. You will receive any proceeds in excess of the Offer Price in respect of each entitlement sold in the retail shortfall bookbuild that you would have received under the Retail Entitlement Offer if you were eligible to participate, net of any applicable withholding tax. However, there is no guarantee that you will receive any proceeds as a result of the retail shortfall bookbuild. To the maximum extent permitted by law, Echo, Macquarie Capital (Australia) Limited, UBS AG, Australia Branch and their respective related bodies corporate, affiliates and

the directors, officers, employees and advisers of any of them, will not be liable, including for negligence, for any failure to procure applications at a price in excess of the Offer Price.

**You are not required to do anything in response to this letter.**

For further information on the Entitlement Offer or if you believe that you are an Eligible Retail Shareholder, please call the Echo Offer Information Line on 1300 880 923 (Australia) or +61 2 8280 7504 (outside Australia) from 8.30am to 7.30pm (AEST) Monday to Friday. If you have any further questions, you should contact your stockbroker, accountant or other professional adviser.

On behalf of the Board of Echo, I thank you for your continued support.

Yours faithfully

**Echo Entertainment Group Limited**

A handwritten signature in blue ink, appearing to read 'Paula Martin', is positioned above the printed name and title of the signatory.

Paula Martin  
Company Secretary

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

**Important information**

This letter is not a prospectus or offering document under Australian law or under any other law. It is for information purposes only and does not constitute an offer, invitation or recommendation to subscribe for, retain or purchase any securities in Echo in any jurisdiction. This letter does not constitute financial product advice and does not and will not form part of any contract for the acquisition of Echo ordinary shares.

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, and none of them will be, registered under the U.S. Securities Act of 1933 (the “**Securities Act**”) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the entitlements in the Retail Entitlement Offer may only be taken up by, and the New Shares in the Retail Entitlement Offer may only be offered or sold to, directly or indirectly, certain persons outside the United States in “offshore transactions” (as defined in Rule 902(h) of Regulation S under the Securities Act) in reliance on Regulation S under the Securities Act.

The provision of this letter is not, and should not be considered as, financial product advice. The information in this letter is general information only, and does not take into account your individual investment objectives, taxation position, financial situation or needs. If you are unsure of your position, please contact your accountant, tax advisor, stockbroker or other professional advisor.