

# THE STAR ENTERTAINMENT GROUP

18 September 2019

Dear Shareholder

I am pleased to invite you to The Star Entertainment Group Limited's ninth Annual General Meeting, which will be held at The Westin Brisbane, 111 Mary Street, Brisbane, Queensland on **Thursday, 24 October 2019 at 11:00am (Queensland time)** (the **Meeting**).

The following pages contain details on the items of business to be considered at the Meeting, as well as explanatory notes and voting procedures.

The business of the Meeting includes proposals for the re-election of Mr Gerard Bradley and Mr Richard Sheppard, who are both retiring in the normal course by rotation.

At the Meeting, you will also have the opportunity to vote on:

- the adoption of the Remuneration Report; and
- the grant of performance rights to the Managing Director and Chief Executive Officer.

If you are unable to attend the Meeting, you may either lodge a direct vote or appoint a proxy to vote on your behalf at the Meeting. You can do this by:

- using the website of The Star Entertainment Group's Share Registry, [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au); or
- completing the enclosed Voting Form in accordance with the instructions on the form.

**Voting Forms (including Voting Forms lodged online) must be received by 11:00am (Queensland time) on Tuesday, 22 October 2019 to be valid for the Meeting.**

**If you plan to attend the Meeting, please bring the enclosed Voting Form with you. The Voting Form sets out your registration details and will make registration easier on your arrival.**

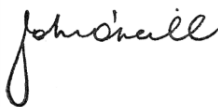
The Meeting will be webcast live via The Star Entertainment Group's website at [www.starentertainmentgroup.com.au/annual-general-meetings](http://www.starentertainmentgroup.com.au/annual-general-meetings).

## 2019 Annual Report

The Star Entertainment Group's Annual Report can be accessed online at [www.starentertainmentgroup.com.au/annual-reports](http://www.starentertainmentgroup.com.au/annual-reports).

I look forward to seeing you at the Meeting.

Yours sincerely



**John O'Neill AO**  
Chairman

THE  STAR ENTERTAINMENT GROUP

THE  STAR TREASURY THE  STAR  
SYDNEY BRISBANE GOLD COAST

**THE STAR ENTERTAINMENT GROUP LIMITED | ABN 85 149 629 023**  
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POSTAL ADDRESS | PO BOX 13348, GEORGE STREET POST SHOP, BRISBANE, QLD 4003, AUSTRALIA

## HOW TO GET TO THE WESTIN BRISBANE, 111 MARY STREET, BRISBANE, QUEENSLAND

The Westin is located in the Brisbane CBD area.

The various ways to get to The Westin Brisbane are detailed below.



### Driving / Parking

For transportation information and driving directions to The Westin Brisbane, visit [www.marriott.com/hotels/maps/travel/bnewi-the-westin-brisbane/](http://www.marriott.com/hotels/maps/travel/bnewi-the-westin-brisbane/).

If you are travelling by car, valet parking is available at The Westin Brisbane at a discounted daily flat rate of \$35 for shareholders attending the Meeting. (Spaces are limited.)

Secure parking is also available at the Festival Car Park, 53 Charlotte Street, Brisbane, Queensland for shareholders attending the Meeting, at a discounted daily flat rate of \$20 on the Meeting date. (Spaces are limited.) The Festival Car Park is approximately 300 metres and about a 5-minute walk to The Westin Brisbane.

The Star Club members with car parking entitlements are welcome to park at the on-site Treasury Brisbane car park on George Street, Brisbane, which is approximately 430 metres and about a 5-minute walk to The Westin Brisbane. For more information, please refer to the 'Casino Parking Guide' and 'The Star Club Members Parking Guide' at [www.treasurybrisbane.com.au/about-us/locate-us](http://www.treasurybrisbane.com.au/about-us/locate-us).

For other secure parking locations and pricing, visit [www.secureparking.com.au/en-au](http://www.secureparking.com.au/en-au).

### Public Transport

For route and timetable information for Brisbane buses, trains and ferries, visit [www.translink.com.au/](http://www.translink.com.au/) or call 131 230.

## NOTICE OF ANNUAL GENERAL MEETING

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The ninth Annual General Meeting of The Star Entertainment Group Limited A.C.N. 149 629 023 (the **Company**) will be held at The Westin Brisbane, 111 Mary Street, Brisbane, Queensland on **Thursday, 24 October 2019 at 11:00am (Queensland time)** (the **Meeting**).

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### General Business

#### Item 1 – Financial Statements and Reports

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To receive and consider the Financial Statements, Directors' Report and Auditor's Report for the financial year ended 30 June 2019.

(Note: there is no requirement for shareholders to approve these reports.)

### Ordinary Business

#### Item 2 – Re-election of Mr Gerard Bradley as a Director

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To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*That Mr Gerard Bradley, who retires by rotation in accordance with the Constitution of the Company and is eligible for re-election, be re-elected as a Director of the Company.*

#### Item 3 – Re-election of Mr Richard Sheppard as a Director

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To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*That Mr Richard Sheppard, who retires by rotation in accordance with the Constitution of the Company and is eligible for re-election, be re-elected as a Director of the Company.*

#### Item 4 – Remuneration Report

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To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*That the Remuneration Report (which forms part of the Directors' Report) in respect of the financial year ended 30 June 2019 be adopted.*

(Note: the vote on this resolution is advisory only and does not bind the Directors or the Company.)

#### Item 5 – Grant of Performance Rights to the Managing Director and Chief Executive Officer

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To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*That approval be given to the grant of the number of performance rights determined based on the formula  $\$2,900,000$  divided by the Face Value of a performance right to the Managing Director and Chief Executive Officer of the Company, Matt Bekier, as a long term incentive under The Star Entertainment Group Limited Employee Performance Plan and on the basis described in the Explanatory Memorandum to this Notice of Meeting.*

### Voting Exclusions – Items 4 & 5

For the purposes of the voting exclusions for Item 4 and Item 5, **KMP** means the key management personnel of the Company who (directly or indirectly) have authority and responsibility for planning, directing and controlling the activities of the Company (including the Directors). The Remuneration Report identifies the key management personnel of the Company for the financial year ended 30 June 2019. A reference to the KMP in these voting exclusions includes their closely related parties. Their closely related parties are defined in the *Corporations Act 2001* (Cth) (**Corporations Act**), and include certain members of their family, dependants and companies they control.

If you appoint the Chairman of the Meeting as your proxy (or if the Chairman of the Meeting is appointed as your proxy by default), and you do not direct your proxy how to vote on an item, you will be expressly authorising the Chairman of the Meeting to exercise your proxy even if the item is connected directly or indirectly with the remuneration of a member of the KMP.

The Company will disregard any votes cast on **Item 4**:

- by or on behalf of any KMP, details of whose remuneration is disclosed in the Remuneration Report (regardless of the capacity in which the vote is cast); and
- as proxy by any KMP as at the date of the Meeting,

unless it is cast as proxy for a person entitled to vote:

- in accordance with the directions on the Voting Form; or
- by the Chairman of the Meeting, in accordance with an express authorisation in the Voting Form to exercise the proxy even though the resolution is connected with the remuneration of a member of the KMP.

The Company will disregard any votes:

- cast in favour of **Item 5** by or on behalf of Matt Bekier (being the only Director who is eligible to participate in The Star Entertainment Group Limited Employee Performance Plan) or his associates; and
- cast on **Item 5** as proxy by any KMP as at the date of the Meeting,

unless it is cast as proxy for a person entitled to vote:

- in accordance with the directions on the Voting Form; or
- by the Chairman of the Meeting, in accordance with an express authorisation in the Voting Form to exercise the proxy even though the resolution is connected with the remuneration of a member of the KMP.

Please refer to the Notes on Voting for further information on voting at the Meeting and the Explanatory Memorandum for further information on the proposed resolutions.

**By Order of the Board**



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

Dated: 18 September 2019

## NOTES ON VOTING

### Entitlement to Attend the Meeting and Vote

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1. For the purpose of the Meeting, voting shareholders will be taken to be those persons recorded in the Company's Register of Members as holding shares at **7:00pm (Sydney time) on Tuesday, 22 October 2019**.
2. Voting on each of the proposed resolutions at the Meeting will be conducted by poll. On a poll, shareholders have one vote for every fully paid ordinary share held (subject to the restrictions on voting referred to below).

### Voting Methods

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3. A shareholder entitled to vote may vote in one of three ways:
  - by attending the Meeting and voting either in person or by attorney, or in the case of corporate shareholders, by corporate representative;
  - by lodging a direct vote, using the Voting Form, and lodging it with the Company's Share Registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au); or
  - by appointing a proxy to attend and vote on their behalf, using the Voting Form, and lodging it with the Company's Share Registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).
4. To be effective, the Voting Form must be received by the Company at the Company's Share Registry address or facsimile number shown below, or lodged online at the website of the Company's Share Registry by **11:00am (Queensland time) on Tuesday, 22 October 2019**.
5. The Voting Form must be signed in accordance with the instructions on the form. You will be taken to have signed your Voting Form if you lodge it online in accordance with the instructions on the website.

**A Voting Form accompanies this Notice of Meeting. For further instructions on voting, please refer to the Voting Form.**

### Voting by Proxy

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6. A shareholder entitled to attend the Meeting and vote is entitled to appoint not more than two proxies, who may be either an individual or a corporation. A proxy need not be a shareholder of the Company.
7. A shareholder appointing two proxies must have at least two shares and may specify the proportion or number of votes each proxy is appointed to exercise. If a shareholder appoints two proxies and the appointment does not specify the proportion or number of the shareholder's votes each proxy may exercise, then each proxy may exercise half of the votes. An additional Voting Form will be supplied by the Company's Share Registry on request.
8. A shareholder or proxy that is a corporation and entitled to attend and vote at the Meeting may appoint an individual to act as its corporate representative to exercise its powers at the Meeting. Evidence of the appointment of a corporate representative must be in accordance with section 250D of the Corporations Act and be lodged with the Company before the Meeting or at the registration desk on the day of the Meeting.
9. If the appointment of a corporate representative is signed under power of attorney, the power of attorney under which the appointment is signed, or a certified copy of that power of attorney, must accompany the appointment unless the power of attorney has previously been noted by the Company's Share Registry.
10. The Chairman of the Meeting intends to vote all available proxies in favour of all resolutions.

### Restrictions on Voting

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11. Gambling legislation and certain government agreements in New South Wales and Queensland and Part 2 (Rules 83-87) of the Constitution of the Company contain provisions regulating the exercise of voting rights by persons with prohibited shareholding interests. The legislation and government agreements also set out the regulation of shareholding interests. The relevant Minister has the power to request information to determine whether a person has a prohibited shareholding interest. If a person fails to furnish these details within the time specified or, in the opinion of the Minister, the information is false or misleading, then the Minister can declare the voting rights of those shares suspended.

### Lodging the Voting Form

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12. Voting Forms may be lodged at the Company's Share Registry at the following addresses:

**By Mail:**

The Star Entertainment Group Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
or **by facsimile:** +61 2 9287 0309  
or **online** at: [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

**By Hand:\***

Link Market Services Limited  
1A Homebush Bay Drive  
Rhodes, New South Wales  
**or**  
Level 12, 680 George Street  
Sydney, New South Wales

\* During business hours (Monday to Friday, 9:00am-5:00pm, Sydney time)

## EXPLANATORY MEMORANDUM

This Explanatory Memorandum provides additional information on the items to be considered at the Annual General Meeting of The Star Entertainment Group Limited (*the Company*) to be held at The Westin Brisbane, 111 Mary Street, Brisbane, Queensland on **Thursday, 24 October 2019** at **11:00am (Queensland time)** (*the Meeting*) and forms part of the Notice of Meeting.

### **Item 1 – Financial Statements and Reports**

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The Financial Statements, Directors' Report and Auditor's Report for the Company for the financial year ended 30 June 2019 will be laid before the Meeting. There is no requirement for shareholders to approve those reports. However, the Chairman of the Meeting will allow a reasonable opportunity for shareholders to ask questions or make comments about those reports and the management of the Company.

Shareholders will also be given a reasonable opportunity to ask the Company's Auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in its preparation of the Financial Statements and the independence of the Auditor in relation to the conduct of the audit.

If you wish to put questions to the Chairman of the Meeting or the Auditor, you are encouraged to use the **enclosed question form** and return it to the Company's Share Registry, Link Market Services (as set out in the form) by **5:00pm (Queensland time)** on **Thursday, 17 October 2019**. This is to allow time to collate questions and prepare answers.

Copies of the questions, if any, to the Company's Auditor will be available at the Meeting and posted on the Company's website.

During the meeting, the Chairman of the Meeting will endeavour to address as many of the more frequently raised shareholder topics as possible. However, there may not be sufficient time available at the Meeting to address all topics raised. Please note that individual responses will not be sent to shareholders.

### **Item 2 – Re-election of Mr Gerard Bradley as a Director**

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Mr Gerard Bradley has been a Non-Executive Director of the Company since 30 May 2013. The Board considers Mr Bradley to be an independent director.

In accordance with the ASX Listing Rules and the Constitution of the Company, Mr Bradley retires, and being eligible, offers himself for re-election as a Director.

Mr Bradley has reconfirmed that he has sufficient time to meet his responsibilities as a Non-Executive Director of The Star Entertainment Group Limited.

Brief biographical details of Mr Bradley are provided below.

#### **Academic and Professional Qualifications**

*Bachelor of Commerce; Diploma of Advanced Accounting; Fellow of the Institute of Chartered Accountants; Fellow of CPA Australia; Fellow of the Australian Institute of Company Directors; Fellow of the Institute of Managers and Leaders*

#### **Special Responsibilities**

*Chair of the Risk & Compliance Committee*

*Member of the Audit Committee*

*Member of the Investment & Capital Expenditure Review Committee*

#### **Experience and Skills**

Gerard Bradley is the Chairman of Queensland Treasury Corporation and related companies, having served for 14 years as Under Treasurer and Under Secretary of the Queensland Treasury Department. He has extensive experience in public sector finance in both the Queensland and South Australian Treasury Departments.

Mr Bradley has previously served as Chairman of the Board of Trustees at QSuper. His previous non-executive board memberships also include Funds SA, Queensland Investment Corporation, Suncorp (Insurance & Finance), Queensland Water Infrastructure Pty Ltd, and South Bank Corporation.

Mr Bradley is currently a Non-Executive Director of Pinnacle Investment Management Group Limited and a Director of the Winston Churchill Memorial Trust.

### **Recommendation**

*The Board (other than Mr Bradley who has an interest in the resolution and therefore abstains from making a recommendation) recommends that shareholders vote in favour of the resolution in relation to Item 2, as the Board considers that Mr Bradley provides an important contribution to the Board, given his extensive financial expertise and risk management experience which is extremely valuable for his role as Chair of the Risk and Compliance Committee.*

*The Chairman of the Meeting intends to vote all available proxies in favour of the resolution.*

### **Item 3 – Re-election of Mr Richard Sheppard as a Director**

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Mr Richard Sheppard has been a Non-Executive Director of the Company since 1 March 2013. The Board considers Mr Sheppard to be an independent director.

In accordance with the ASX Listing Rules and the Constitution of the Company, Mr Sheppard retires, and being eligible, offers himself for re-election as a Director.

Mr Sheppard has reconfirmed that he has sufficient time to meet his responsibilities as a Non-Executive Director of The Star Entertainment Group Limited.

Brief biographical details of Mr Sheppard are provided below.

#### **Academic and Professional Qualifications**

*Bachelor of Economics (First Class Honours); Fellow of the Australian Institute of Company Directors*

#### **Special Responsibilities**

*Chair of the Investment & Capital Expenditure Review Committee*

*Member of the Audit Committee*

*Member of the Risk & Compliance Committee*

#### **Experience and Skills**

Richard Sheppard has had an extensive executive career in the banking and finance sector including an executive career with Macquarie Group Limited spanning more than 30 years.

Mr Sheppard was previously the Managing Director and Chief Executive Officer of Macquarie Bank Limited and chaired the boards of a number of Macquarie's listed entities. He has also served as Chairman of the Commonwealth Government's Financial Sector Advisory Council.

Mr Sheppard is currently the Chairman and a Non-Executive Director of Dexus Property Group and a Non-Executive Director of Snowy Hydro Limited. He is also a Director of the Bradman Foundation.

### **Recommendation**

*The Board (other than Mr Sheppard who has an interest in the resolution and therefore abstains from making a recommendation) recommends that shareholders vote in favour of the resolution in relation to Item 3, as the Board believes that Mr Sheppard's risk management skills and experience in the banking and finance sector remain highly valuable to the Board, including through his role as Chair of the Investment and Capital Expenditure Review Committee and in the deliberations and matters considered by that Committee.*

*The Chairman of the Meeting intends to vote all available proxies in favour of the resolution.*

### **Item 4 – Remuneration Report**

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Pursuant to the *Corporations Act 2001 (Cth) (Corporations Act)*, the Company is required to include in the Directors' Report a detailed Remuneration Report relating to the remuneration of Directors and key management personnel in the financial year ended 30 June 2019, and submit it for adoption by resolution of shareholders at the Meeting.

The Directors' Report for the financial year ended 30 June 2019 contains the Company's Remuneration Report. A copy of the Remuneration Report is set out in the Annual Report, which can be found on the Company's website at [www.starentertainmentgroup.com.au/annual-reports](http://www.starentertainmentgroup.com.au/annual-reports).

The Remuneration Report discusses matters including (but not limited to):

- details relating to the remuneration arrangements of the Directors and other key management personnel of the Company, including actual cash remuneration received;
- key remuneration decisions taken during the financial year ended 30 June 2019; and
- the remuneration framework and key programs which drive the Company's performance.

- Following consideration of the Remuneration Report, the Chairman of the Meeting will give shareholders a reasonable opportunity to ask questions about, or comment on, the Remuneration Report. A resolution that the Remuneration Report be adopted will then be put to the vote.

The vote on this resolution is advisory only and does not bind the Directors or the Company.

### **Recommendation**

*Noting that each Director has a personal interest in their own remuneration from the Company, as described in the Remuneration Report, the Board recommends that shareholders vote in favour of the resolution in relation to Item 4. The Chairman of the Meeting intends to vote all available proxies in favour of the resolution.*

## **Item 5 – Grant of Performance Rights to the Managing Director and Chief Executive Officer**

Shareholders are asked to approve the equity component of the remuneration package for the Managing Director and Chief Executive Officer, Matt Bekier, for the financial year ending 30 June 2020, which relates to the proposed grant of performance rights as a long term incentive under The Star Entertainment Group Limited Employee Performance Plan (**Employee Performance Plan**).

### **A. Background**

In accordance with his employment contract, Mr Bekier receives fixed remuneration and the opportunity to receive variable remuneration through short term and long term incentive arrangements.

The fixed component of Mr Bekier's remuneration (inclusive of superannuation) for the financial year ending 30 June 2020 is \$1,728,900 per annum.

Mr Bekier will continue to participate in a short term incentive plan pursuant to which he will be eligible to receive a variable short term incentive award based on his individual performance and the Company's performance over the annual performance review period.

Mr Bekier's potential short term incentive award is equivalent to \$1,728,900 (if performance is at target), and is deliverable as a combination of cash (two-thirds), and shares in the Company (one-third) which are subject to a 12 month restriction as well as forfeiture and clawback conditions. This is consistent with the terms of the short term incentive plan for the financial year ended 30 June 2019.

In respect of the long term incentive component of Mr Bekier's remuneration for the financial year ending 30 June 2020, the Company will, subject to obtaining the necessary shareholder approval, grant to Mr Bekier a long term incentive award equivalent to \$2,900,000. This amount is unchanged from the prior year.

Subject to shareholder approval being obtained, the Company will grant to Mr Bekier the number of performance rights determined based on the formula \$2,900,000 divided by the Face Value<sup>1</sup> of a performance right calculated as at 25 September 2019 (the **Allocation Date**) rounded down to the nearest whole number (**New Performance Rights**).

The performance hurdles, Test Date (as defined below), Allocation Date and other vesting conditions applying to the New Performance Rights will be the same as those that apply to other senior executives participating in the Employee Performance Plan as at 25 September 2019.

The New Performance Rights to be granted to Mr Bekier will have no dividend or voting rights.

### **Example**

As an illustration only, set out below is an example of the calculation of the number of New Performance Rights that may be granted to Mr Bekier under the Employee Performance Plan for the financial year ending 30 June 2020, on the basis that:

(a) Mr Bekier's long term incentive award is \$2,900,000; and

assuming that:

(b) the Face Value is \$4.12,

the number of New Performance Rights to be granted to Mr Bekier would be calculated as (\$2,900,000 ÷ \$4.12).

<sup>1</sup> Face Value is determined by reference to the Volume Weighted Average Price of the Company's shares traded on the ASX on the 20 trading days prior to the Allocation Date.



Based on the above assumptions, Mr Bekier would be granted 703,883 New Performance Rights.

This calculation is shown by way of **example only** and does not commit the Board to the figures above or the VWAP of the Company's shares for the relevant period.

#### ASX Listing Rule requirements

Shareholder approval for the grant of the New Performance Rights to Mr Bekier is sought for all purposes under the Corporations Act and the ASX Listing Rules, including ASX Listing Rule 10.14. The New Performance Rights are to be issued under the Employee Performance Plan, with the vesting conditions relating to the New Performance Rights being as described below.

Under ASX Listing Rule 10.14, an entity must not issue securities to a director of the entity under an employee incentive scheme without the approval of shareholders. Accordingly, approval of shareholders is sought for the purpose of ASX Listing Rule 10.14 to enable the Company to grant the New Performance Rights, and subsequently issue or transfer securities, to Mr Bekier, under the Employee Performance Plan.

ASX Listing Rule 10.15 requires this Notice of Meeting to include the following specified information in relation to the New Performance Rights which are proposed to be granted to Mr Bekier under the Employee Performance Plan.

#### **B. Date the securities will be granted**

If approved by shareholders, the New Performance Rights will be granted to Mr Bekier as soon as practicable after the Meeting, but not later than 12 months after the Meeting, and with effect from 25 September 2019.

#### **C. Maximum number of securities to be granted**

The maximum number of New Performance Rights that may be acquired by Mr Bekier under the Employee Performance Plan pursuant to the resolution set out in Item 5 is that number arrived at based on the formula in that resolution.

The number of New Performance Rights proposed to be granted to Mr Bekier will be confirmed at the Meeting.

#### **D. Price of the securities, vesting conditions and other matters**

##### No Grant Price or Exercise Price

No amount is payable on the grant of the New Performance Rights or upon vesting of the New Performance Rights.

##### Vesting Conditions

There will be one test date and no retesting for the New Performance Rights, which may vest on 25 September 2022 (the **Test Date**) subject to the satisfaction of applicable performance hurdles (described below). Any New Performance Rights that do not vest on the Test Date will lapse, although the Board has discretion under the Employee Performance Plan to lift some or all of the vesting conditions in special circumstances, such as, but not limited to, death and permanent disablement.

The performance hurdles which will apply in respect of the grant of the New Performance Rights to Mr Bekier are:

- 33.3% - relative total shareholder return (**TSR**);
- 33.3% - earnings per share (**EPS**); and
- 33.4% - return on invested capital (**ROIC**).

Whether the TSR hurdle, the EPS hurdle and the ROIC hurdle have been met for the New Performance Rights will be determined on the Test Date. These measures are equally weighted as listed above.

##### **1. TSR Performance Hurdle**

33.3% of the New Performance Rights available to Mr Bekier are subject to the TSR performance hurdle.

The TSR hurdle measures the Company's total shareholder return ranking against a peer group of companies, measured over the period from 25 September 2019 to the Test Date.

The peer group comprises those companies in the S&P/ASX100 Index as at 25 September 2019, excluding property trusts, infrastructure groups and mining companies and companies that, amongst other things, may be subsequently taken over, demerged, delisted or are otherwise determined by the Board (in its discretion) to no longer be a peer of the Company following the occurrence of some other significant corporate event.

Broadly, TSR measures the return received by shareholders from holding shares in a company over a particular period. TSR is calculated by taking into account the change in a company's share price over the relevant measurement period as well as the dividends received (and assumed to be reinvested back into the company's shares) during that period.

For the purpose of measuring the change in the Company's share price over the relevant measurement period, the starting point and end point have been set at the volume weighted average share price of the Company's shares traded on the ASX on each of the 20 trading days up to and including 25 September 2019 (in the case of the starting point) and the Test Date (in the case of the end point). A similar approach will be applied for the purpose of measuring the change in the share price of each company in the peer group over the relevant measurement period.

The Company's TSR ranking as against the peer group of companies has been chosen as the performance measure for the New Performance Rights because it directly aligns the interests of senior executives participating in the Employee Performance Plan with the interests of shareholders, which is to maximise TSR as compared with TSR for peer companies.

The table below sets out the percentage of the New Performance Rights that will vest depending on the Company's TSR ranking as at the Test Date. The maximum number of New Performance Rights that may vest will accord with the highest measure of the Company's relative TSR ranking as at the Test Date. The Company's TSR ranking, compared to its peer group, must be at least at the 50<sup>th</sup> percentile for any vesting to occur.

<b>TSR Ranking</b>	<b>Percentage of New Performance Rights that will vest</b>
Below 50 <sup>th</sup> percentile	0%
At 50 <sup>th</sup> percentile	50%
Above 50 <sup>th</sup> percentile and below 75 <sup>th</sup> percentile	Pro-rata between 50% (at 50 <sup>th</sup> percentile) and 100% (at 75 <sup>th</sup> percentile)
At or above 75 <sup>th</sup> percentile	100%

## 2. *EPS Performance Hurdle*

33.3% of the New Performance Rights available to Mr Bekier are subject to the EPS performance hurdle.

The EPS hurdle measures the statutory earnings per ordinary share adjusted for the theoretical win rate in the VIP Rebate business. It drives line of sight between shareholder value creation and management's financial performance. The threshold hurdle is set by the Board by reference to market consensus. The target hurdle is set by the Board by reference to the Company's Board approved five-year business plan. While the Board may exercise certain discretions under the Employee Performance Plan, the Board will only consider exercising its discretion with respect to any applicable adjustments to thresholds and targets at the time of testing for vesting purposes.

The table below sets out the percentage of the New Performance Rights that will vest depending on the Company's EPS performance as at the Test Date.

<b>EPS performance</b>	<b>Percentage of New Performance Rights that will vest</b>
Below threshold	0%
At threshold	50%
Between threshold and stretch	Pro-rata between threshold and stretch
Stretch target	100%

The Company will disclose the actual EPS target on a retrospective basis to ensure that the Company's competitive position is not undermined.

## 3. *ROIC Performance Hurdle*

33.4% of the New Performance Rights available to Mr Bekier are subject to a Return on Invested Capital (**ROIC**) performance hurdle.

The ROIC hurdle measures statutory Earnings Before Interest and Taxes (**EBIT**), adjusted for the theoretical win rate in the VIP Rebate business, as a proportion of average Net Debt and average Shareholders Equity. That is:

$$\text{ROIC} = \frac{\text{EBIT adjusted for theoretical win rate in the VIP Rebate business}}{\text{average Net Debt} + \text{average Shareholders' Equity}}$$

The ROIC hurdle measures the efficiency of earnings generated from capital investments made by the Company and seeks to create alignment of incentive programs in driving the execution of the Company's capital intensive strategy to build new assets and improve existing properties, with the aim of generating additional revenue and ultimately sustainable value for shareholders.

The threshold hurdle is set by the Board by reference to the Company's present ROIC levels and the target hurdle is set by the Board by reference to the Company's Board approved five-year business plan. While the Board may exercise certain discretions under the Employee Performance Plan, the Board will only consider exercising its discretion with respect to adjustments to thresholds and targets at the time of testing for vesting purposes.

The table below sets out the percentage of the New Performance Rights that will vest depending on the Company's ROIC performance as at the Test Date.

ROIC performance	Percentage of New Performance Rights that will vest
Below threshold	0%
At threshold	50%
Between threshold and stretch	Pro-rata between threshold and stretch
Stretch target	100%

The Company will disclose the actual ROIC target on a retrospective basis to ensure that the Company's competitive position is not undermined.

In the event of a takeover offer for the Company or any other transaction resulting in a change of control of the Company, the Board is required to determine, in its absolute discretion, the appropriate treatment regarding any unvested New Performance Rights. Such a determination may involve the waiver (wholly or in part) of the performance hurdle applicable to the New Performance Rights, or the lapse of some or all of the New Performance Rights.

#### Vesting of New Performance Rights

Upon satisfaction of the performance hurdles, and provided that Mr Bekier remains employed with the Company on the Test Date, the relevant number of New Performance Rights will automatically vest, and the following (or a cash equivalent value) will be allocated to Mr Bekier:

- (a) Base Shares; and
- (b) Dividend Equalisation Shares.

**Base Shares** means such number of fully paid ordinary shares in the Company that are equal to the number of vested New Performance Rights (on a one-for-one basis).

**Dividend Equalisation Shares** means such number of additional fully paid ordinary shares in the Company having a value equal to the aggregate dividends (excluding franking credits) that would otherwise have been paid on the Base Shares for the dividend record dates occurring during the period between the Allocation Date and the date the Base Shares are allocated to Mr Bekier (**Dividend Equalisation Period**).

The number of Dividend Equalisation Shares to be allocated to Mr Bekier will be calculated by reference to the following formula:

$$\frac{\$ \text{ amount of Relevant Dividend} \times \text{Base Shares}}{\text{DRP Share Price}}$$

- **Relevant Dividend** means a dividend (excluding franking credits) having a record date during the Dividend Equalisation Period.
- **DRP Share Price** means:
  - the share price calculated in accordance with such other methodology adopted by the Board in the Company's Dividend Reinvestment Plan from time to time; or
  - where the Company does not have a Dividend Reinvestment Plan in operation, the average (rounded to the nearest cent) of the daily volume weighted average market price of Shares sold in the ordinary course of trading on the ASX over a

period of ten trading days beginning on the fourth trading day after the relevant dividend record date.

#### Lapsing of New Performance Rights

New Performance Rights that have not vested on the Test Date will ordinarily lapse.

Unless the Board determines otherwise in its discretion, upon cessation of the employment of Mr Bekier, all relevant unvested New Performance Rights will lapse immediately, subject to certain exceptions. Those exceptions are where (in broad terms) Mr Bekier:

- (i) retires (where he will retain a pro-rata number of New Performance Rights based on the time served between 25 September 2019 and the Test Date);
- (ii) is retrenched (where he will retain a pro-rata number of New Performance Rights based on the time served between 25 September 2019 and the Test Date, subject to certain criteria); or
- (iii) dies or is permanently disabled (where he will retain a pro-rata number of New Performance Rights based on the time served between 25 September 2019 and the Test Date, subject to certain criteria).

In addition, partial lapse of unvested New Performance Rights (based on the proportion of the period from 25 September 2019 to the Test Date during which leave was taken) may occur, subject to the Board's discretion, in circumstances where Mr Bekier takes parental leave or extended unpaid leave.

#### **E. Directors who have received securities under the Employee Performance Plan**

Mr Bekier is the only Director who has received securities under the Employee Performance Plan.

Details of performance rights previously granted to Mr Bekier with shareholder approval are set out below. Mr Bekier was not required to pay any amount on the grant or upon vesting of these performance rights.

<b>Grant Date</b>	<b>Effective Allocation Date</b>	<b>Number of Performance Rights</b>	<b>Date of Shareholder Approval</b>
21 December 2012	19 September 2012	227,272	25 October 2012
23 December 2013	1 October 2013	196,850	8 November 2013
25 November 2014	26 September 2014	352,112	31 October 2014
12 November 2015	21 September 2015	253,456	4 November 2015
15 November 2016	5 October 2016	548,204	28 October 2016
19 January 2018	2 October 2017	627,706	26 October 2017
3 February 2019	25 September 2019	668,203	1 November 2018

#### **F. Directors who are eligible to participate in the Employee Performance Plan**

Mr Bekier is presently the only Director entitled to participate in the Employee Performance Plan.

#### **G. No loan scheme**

There is no loan scheme in relation to the acquisition of the New Performance Rights or securities issued under the Employee Performance Plan.

#### **H. Further information**

Further information regarding the long term incentive component of the Employee Performance Plan is set out in the Remuneration Report.

#### **Recommendation**

*The Board (other than Mr Bekier, given that he has a personal interest in the resolution and therefore abstains from making a recommendation) recommends that shareholders vote in favour of the resolution in relation to Item 5.*

*The Chairman of the Meeting intends to vote all available proxies in favour of the resolution.*