



THE STAR

## ASX Announcement

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

25 September 2023

### **REFINANCING AND FURTHER CAPITAL STRUCTURE INITIATIVES<sup>1</sup>**

Today, The Star Entertainment Group Limited (ASX: SGR) (**The Star** or **Group** or **SGR**) has announced the following further capital structure initiatives:

- **Equity Raising:** \$750 million equity raising, comprised of a ~\$589 million 1 for 1.65 pro rata accelerated non-renounceable entitlement offer and a ~\$161 million institutional placement; and
- **New Debt<sup>2</sup>:** \$450 million of new debt facilities provided by Barclays Bank PLC and Westpac Banking Corporation comprised of a \$150 million four-year revolving credit facility and a \$300 million four-year underwritten term loan,

(together, the **Refinancing and Further Capital Structure Initiatives**).

As previously announced, The Star has been undertaking a broader refinancing process to improve its funding arrangements and capital structure. The Star has undertaken an extensive process and evaluated a range of funding and asset sale alternatives (including property monetisation, equity, equity-linked financing, subordinated debt and larger non-bank lender packages).

Today's announcement represents the culmination of this process. The Star believes that the Refinancing and Further Capital Structure Initiatives announced today are designed to provide The Star with increased financial flexibility to address known and expected liabilities over the medium term, and help finance the ongoing needs of the business and expected joint venture contributions.

Following the implementation of the Refinancing and Further Capital Structure Initiatives, The Star believes it will have a strengthened balance sheet and additional flexibility:

- All existing debt to be repaid and cancelled<sup>3</sup> (\$668m drawn<sup>4</sup>)

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<sup>1</sup> This release should be read in conjunction with The Star's Refinancing and Further Capital Structure Initiatives Investor Presentation announced today (**Investor Presentation**).

<sup>2</sup> Completion of the refinancing is subject to completion of the Equity Raising and customary conditions precedent. For further information see 'Debt refinancing - commitment letter' in the Key Risks section of the Investor Presentation on page 32.

<sup>3</sup> The Star Group's existing USPP notes will be repaid upon settlement of the Equity Raising and its existing debt facilities under the Common Terms Deed Poll will be cancelled if financial close occurs under the new Senior Debt Facility. For further information see 'Debt refinancing - commitment letter' in the Key Risks section of the Investor Presentation on page 32.

<sup>4</sup> Drawn debt on a hedged basis as at 30 June 2023.

- No debt maturities until 2H CY 2027 (FY28)
- More flexible covenant package to support The Star's ongoing operations and funding requirements
- The Star retains its strategic, world-class assets

Dividends are suspended until adjusted net leverage ratio is below 1.5x, resolution of AUSTRAC civil proceedings and completion of QWB debt refinancing.<sup>5</sup>

Commenting on the Refinancing and Further Capital Structure Initiatives, Group Chief Executive Officer and Managing Director Robbie Cooke said:

*"Today's announcement is a key milestone in the renewal of The Star. With an optimised capital structure, strengthened balance sheet and enhanced flexibility, we have a strong platform from which to deliver on our renewal program and strategic priorities."*

## EQUITY RAISING DETAILS

The Equity Raising is structured as a:

- ~\$589 million 1 for 1.65 pro rata accelerated non-renounceable entitlement offer of new fully paid ordinary shares (**New Shares**) (**Entitlement Offer**); and
- ~\$161 million institutional placement of New Shares (**Placement**).

New Shares issued under the Equity Raising will rank equally with all existing fully paid ordinary shares on issue.

The Entitlement Offer will be conducted at \$0.60 per New Share (**Equity Raising Price**), which represents:

- a 12.4% discount to the theoretical ex-rights price of \$0.68 (**TERP**)<sup>6</sup>; and
- a 20.0% discount to SGR's last closing price of \$0.75 on 22 September 2023

The Entitlement Offer is non-renounceable, meaning that entitlements will not be tradeable on the ASX or otherwise transferable. Eligible shareholders who do not take up their full entitlement under the Entitlement Offer will not receive any value in respect of those entitlements not taken up. Entitlements not taken up and those of ineligible institutional shareholders will be placed into an institutional shortfall bookbuild and sold at the Equity Raising Price.

The Entitlement Offer is comprised of two components: the Institutional Entitlement Offer and the Retail Entitlement Offer.

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<sup>5</sup> For further information see 'Dividends may fluctuate or may not be paid' in the Key Risks section of the Investor Presentation on page 47.

<sup>6</sup> TERP is the theoretical ex-rights price including the Placement shares. TERP is calculated by reference to The Star's shares closing price of \$0.75 on 22 September 2023, being the last trading day prior to the announcement of the Equity Raising. TERP is a theoretical calculation only and the actual price at which The Star shares trade immediately after the ex-date of the Equity Raising will depend on many factors and may not be equal to TERP

The Equity Raising is fully underwritten<sup>7</sup> by Barrenjoey Markets Pty Limited.

### **Institutional Entitlement Offer and Placement**

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer and Placement, which will open today, Monday, 25 September 2023. Eligible institutional shareholders may opt to take up all, part or none of their entitlement in the Institutional Entitlement Offer.

### **Retail Entitlement Offer**

Eligible retail shareholders as at 7.00pm Sydney time on Thursday, 28 September 2023 will be invited to participate in the Retail Entitlement Offer at the same Equity Raising Price and offer ratio as under the Institutional Entitlement Offer.

Eligible retail shareholders will be sent or have access to an information booklet (**Retail Information Booklet**), including a personalised entitlement and acceptance form, on Tuesday, 3 October 2023. The Retail Information Booklet will contain details of how to participate in the Retail Entitlement Offer. A copy of the Retail Information Booklet will also be lodged with the ASX on Tuesday, 3 October 2023. Eligible retail shareholders may opt to take up all, part or none of their entitlement.

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<sup>7</sup> Refer to 'Shortfall' on page 46 of the Key Risks in the Investor Presentation for a description of the terms and conditions of the underwriting arrangements, including the handling of any excess shortfall shares.

## APPENDIX – EQUITY RAISING TIMETABLE

Event	Date
Trading Halt, Announcement of Equity Raising	Monday, 25 September
Placement and Institutional Entitlement Offer bookbuild	Monday, 25 September – Tuesday, 26 September
Announcement of results of the Placement and Institutional Entitlement Offer	Wednesday, 27 September
The Star shares recommence trading	Wednesday, 27 September
Entitlement Offer Record Date (7:00pm Sydney time)	Thursday, 28 September
Retail Entitlement Offer opens (Retail Information Booklets despatched or made available to eligible retail shareholders)	Tuesday, 3 October
Settlement of New Shares issued under the Placement and Institutional Entitlement Offer	Thursday, 5 October
Allotment and trading of New Shares issued under the Placement and Institutional Entitlement Offer	Friday, 6 October
Retail Entitlement Offer closes (5:00pm Sydney time)	Thursday, 12 October
Settlement of New Shares issued under the Retail Entitlement Offer	Wednesday, 18 October
Allotment of New Shares issued under the Retail Entitlement Offer	Thursday, 19 October
Commencement of trading of New Shares issued under the Retail Entitlement Offer	Friday, 20 October

These timings are indicative only and subject to variation. The Star reserves the right to alter the timetable at its absolute discretion and without notice, subject to the Listing Rules, Corporations Act and other applicable laws. All dates are referenced to Sydney time.

### Authorised by:

Board of Directors

### For more information contact:

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### Important Notice

#### Forward looking information

This announcement contains certain “forward-looking statements”. The words “forecast”, “estimate”, “likely”, “anticipate”, “believe”, “expect”, “project”, “opinion”, “predict”, “outlook”, “guidance”, “intend”, “should”, “could”, “may”, “target”, “plan”, “project”, “consider”, “foresee”, “aim”, “will”, “seek” and other 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, and include statements in this announcement regarding the timing and impact of regulatory outcomes and pecuniary penalties, class action or other legal proceedings (and any contingent liabilities associated with those matters), the outcome of the Refinancing and Further Capital Structure Initiatives, the use of proceeds, the future performance of The Star, and The Star’s outlook for FY24.

Forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of The Star and its related bodies corporate and affiliates and each of their respective directors, officers, employees, partners, consultants, contractors, agents,

advisers and representatives. This includes statements about market and industry trends, which are based on interpretations of current market conditions.

**Investors are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the significant volatility, uncertainty and disruption caused by the regulatory issues impacting The Star.**

Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may vary materially from those expressed or implied in those statements and any projections and assumptions on which these statements are based. These statements may assume the success of The Star's business strategies including following completion of the Refinancing and Further Capital Structure Initiatives, the success of which may not be realised within the period for which the forward-looking statements may have been prepared, or at all.

No guarantee, representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns, statements or tax treatment in relation to future matters contained in this announcement. The forward-looking statements are based only on information available to The Star as at the date of this announcement. Except as required by applicable laws or regulations, none of The Star, its representatives or advisers undertake any obligation to provide any additional or updated information or revise the forward-looking statements or other statements in this announcement, whether as a result of a change in expectations or assumptions, new information, future events, results or circumstances.

#### **Not for distribution or release in the United States**

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. This announcement should not be distributed or released in the United States.

Neither the entitlements nor the new ordinary shares of The Star have been, or will be, registered under the U.S. Securities Act of 1933, as amended (**U.S. 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 ordinary shares may not be offered or sold, directly or indirectly, in the United States or to any person acting for the account or benefit of a person in the United States (to the extent that the person holds shares for the account or benefit of a person in the United States), except in transactions exempt from, or not subject to the registration requirements of the U.S. Securities Act and any other applicable securities laws of any state or other jurisdiction of the United States.

#### **Financial information**

Information in this announcement is provided as at the date of the announcement unless specified otherwise. It should be read in conjunction with The Star's other disclosures made via the ASX.

*Non-IFRS measures.* Investors should also be aware that certain financial measures included in this announcement are 'non-IFRS financial information' under ASIC Regulatory Guide 230: 'Disclosing non-IFRS financial information' published by ASIC and also 'non-GAAP financial measures' within the meaning of Regulation G under the U.S. Securities Exchange Act of 1934, as amended, and are not recognised under AAS and International

Financial Reporting Standards (**IFRS**). For example, management believes that normalised results reflect the underlying performance of the business and are used internally by management to assess the performance of the business. Significant items are excluded from the normalised results.

Those non-IFRS financial information/non-GAAP financial measures do not have a standardised meaning prescribed by AAS or IFRS. Therefore, the non-IFRS financial information/non-GAAP financial measures may not be comparable to similarly titled measures presented by other entities and should not be construed as an alternative to other financial measures determined in accordance with AAS or IFRS.

Investors are cautioned not to place undue reliance on any non-IFRS financial information/non-GAAP financial measures included in this announcement. Non-IFRS measures and current trading information for FY24 have not been subject to audit or review.