



ASX / MEDIA RELEASE
FOR IMMEDIATE RELEASE
22 AUGUST 2014

CROWN REACHES AGREEMENT WITH THE VICTORIAN GOVERNMENT ON A LICENCE REFORM PACKAGE TO BOOST TOURISM AND JOBS

MELBOURNE: Crown Resorts Limited (ASX: CWN) today announced that it has reached agreement with the Victorian Government on a number of reforms to the Melbourne Casino Licence which will improve the competitiveness of the Crown Melbourne integrated resort as a tourism destination compared to other integrated resorts in Australia and Asia.

The reforms will help boost Victorian tourism and create new jobs as they will allow Crown Melbourne to compete more effectively in interstate and international markets. Victorian taxpayers will also benefit from a substantial upfront licence payment to be made by Crown.

The agreement includes the following arrangements:

- “Super tax” on international and interstate VIP program play will be removed from FY15
- Crown will be entitled to install additional gaming product as follows:
 - Increase by 40 the maximum number of table games permitted to operate (from 400 to 440 (plus 100 poker tables))
 - Increase by 50 the maximum number of fully automated table game terminals permitted to operate (from 200 to 250)
 - Within the state-wide limit of 30,000 gaming machines, increase by 128 the maximum number of gaming machines permitted to operate (from 2,500 to 2,628)
- The Melbourne Casino Licence will be extended from 2033 to 2050
- Crown will make a series of payments to the State
 - A payment of \$250 million once the amendments to the relevant legislation, casino management agreement and casino licence become effective
 - A payment of \$100 million in FY23 if the normalised gaming revenue at Crown Melbourne grows by more than 4.0% per annum (compound) over the period from FY14 to FY22
 - An additional payment of \$100 million in FY23 if the normalised gaming revenue at Crown Melbourne grows by more than 4.7% per annum (compound) over the period from FY14 to FY22
 - A payment of \$250 million in 2033

- Crown has guaranteed to pay the State a minimum of \$35 million per annum in gaming taxes in relation to the new gaming product over the six-year period commencing from FY16

Crown and the Victorian Government have agreed that the previously proposed gaming machine levy will not apply to Crown Melbourne.

Crown and the Victorian Government have confirmed that, unless Crown consents, casino taxes will not be increased and the Melbourne Casino Licence will not be amended. They have also agreed that certain other regulatory actions adverse to Crown can trigger compensation. This greater regulatory certainty will allow Crown to continue to invest in and increase employment at Crown Melbourne.

Implementation of the agreement is subject to:

- amending legislation being introduced into the Victorian Parliament in the Spring session; and
- amendments to the Melbourne Casino Licence being approved by the Victorian Commission for Gambling and Liquor Regulation

The Chairman of Crown Resorts, Mr James Packer, said:

“Crown is one of Australia’s most successful tourism companies. In the ten years to 2016 we will have invested \$1.7 billion to upgrade the Crown Melbourne integrated resort to make sure we remain competitive with the best integrated resorts in the world.”

“Despite this investment, Crown has for a long time been at a major competitive disadvantage on the issue of taxation. Now, with the support of the Victorian Government, we will have a licence that enables us to compete on a level playing field to help drive tourism, jobs and economic benefit for the State.”

“Crown Melbourne provides employment for over 8,800 people and is a vital piece of tourism infrastructure for Victoria. I am very proud that in 2013 we were awarded Victorian and Australian Employer of the Year and I am extremely pleased that the major economic and tourism contribution Crown makes to the State has been recognised by the Victorian Government. We will continue to work closely with the Victorian Government for the betterment of the State.”

A copy of the announcement made by the Victorian Government is attached.

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COPIES OF RELEASES

Copies of previous media and ASX announcements issued by Crown are available at Crown’s website at www.crownresorts.com.au



Media release

The Hon Michael O'Brien MP
Treasurer

Friday 22 August 2014

Agreement with Crown Melbourne to support investment and jobs for Victoria

The Victorian Coalition Government has reached an agreement with Crown Melbourne.

Treasurer Michael O'Brien said the agreement will support ongoing investment and jobs for Victoria in an increasingly competitive environment.

"This agreement provides significant financial benefits to the State, as well as improved competitiveness and investment certainty for Crown and the 8,800 people who work there," Mr O'Brien said.

"This is a win-win outcome. It is good for jobs, good for tourism and good for investment."

Crown's Licence and the Casino Management Agreement will be amended in return for additional payments to the State of up to \$910 million.

Under the agreement Crown's Licence to operate the Melbourne Casino will be extended from 2033 to 2050. Crown will also have greater capacity for its onsite gaming operations.

The agreement permits up to an additional 40 gaming tables, 50 fully automated table game terminals and 128 electronic gaming machines (within the existing statewide cap of 30,000 gaming machines).

"This agreement provides for a modest increase in product at Crown Melbourne but no increase in the number of electronic gaming machines permitted in Victoria," Mr O'Brien said.

The super tax on commission-based play for international and interstate VIP players will be removed to ensure Crown remains competitive with other casinos in Australia and internationally.

The agreement also preserves a number of Crown's existing regulatory arrangements over the licence term, providing certainty to support ongoing investment and jobs. These arrangements include measures related to responsible gambling.

"Crown Melbourne is Victoria's largest single-site employer. In an increasingly competitive market, this agreement supports Crown Melbourne in attracting international and domestic tourists supporting ongoing investment and jobs," Mr O'Brien said.

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Under the agreement, Crown will pay the State up to \$910 million, by way of lump sum payments, installments and additional tax revenue. This includes:

- An upfront payment of \$250 million in 2014 and a payment of \$250 million in 2033;
- Payments of up to \$200 million in 2022 contingent on Crown Melbourne's gaming revenue growth; and
- Guaranteed annual tax payments related to new gaming product of at least \$35 million per annum for six years commencing in 2015-16 (total of \$210 million).

Further announcements regarding initiatives that will be supported by the additional Budget capacity created by the agreement will be made in the coming weeks.

The Casino Management Agreement was established in 1993 and has been amended on nine occasions.

Implementation of the agreement is subject to the regulatory approval of the Victorian Commission for Gambling and Liquor Regulation and legislation in the Parliament of Victoria.

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