



THE STAR

## ASX Announcement

Monday, 1 June 2020

### THE STAR SYDNEY – NEW LONG-TERM GAMING TAX AGREEMENT AND REGULATORY CERTAINTY

The Star Entertainment Group Limited (ASX code: SGR) (**The Star**) and the NSW Government have reached agreement on gaming taxes applicable to The Star Sydney until the end of FY2041. The current gaming tax arrangements will apply in FY2021. New 20-year arrangements commence in FY2022 comprising flat rates of tax as a percentage of revenue. The International VIP Rebate business and the domestic rebate business gaming tax remains unchanged at 10% of revenue.

The Star has also reached agreement with the NSW Government on key issues which provide regulatory certainty, including an agreement to preserve The Star Sydney as the exclusive casino provider of electronic gaming machines (**EGMs**) in the two casino Sydney market.

#### The Star Sydney FY2021 gaming tax

The current gaming tax arrangements have been extended and will apply to The Star Sydney in FY2021. For domestic gaming revenues (excluding domestic rebate) up to \$780 million, a 27.5% tax rate (including GST and Responsible Gaming Levy (**RGL**)) will apply. For revenues above \$780 million increasing rates of marginal tax will apply. The attachment sets out further details of domestic gaming tax rates applicable at different revenue levels for FY2021.

In the twelve months to December 2019, The Star Sydney recorded domestic non-rebate gaming revenues of \$991 million, resulting in domestic non-rebate gaming tax of \$312 million (31.5% average tax rate including GST and RGL).

As disclosed in prior ASX announcements, The Star Sydney has been closed since Monday 23 March 2020 as a result of government directives regarding the closure of non-essential businesses as a response to COVID-19. The Star Sydney's FY2021 domestic gaming tax payments will be affected by several factors, including conditions of reopening and broader macro-economic conditions.

#### The Star Sydney FY2022 to FY2041 gaming tax

The Star has agreed flat domestic gaming tax rates with the NSW Government for a 20-year period, to apply from 1 July 2021 to 30 June 2041 (FY2022-2041 inclusive), as set out below. All rebate gaming revenue will continue to be taxed at a flat rate of 10% (inclusive of GST), consistent with the current arrangements.

- Non-rebate Table games revenue

A flat tax rate of 29% (including GST and RGL) on domestic non-rebate table game revenues will apply over FY2022-2041. The tax rate is the same rate that will apply to Crown Sydney.

- Non-rebate EGM revenue

A flat tax rate (including GST and RGL) on domestic non-rebate EGM revenues will apply over FY2022-2041 as follows:

- 32% for FY2022-2024 (3 years inclusive)

- 33% for FY2025-2027 (3 years inclusive)
- 34% for FY2028-2041 (14 years inclusive)

**Regulatory certainty and compensation regime**

The Star has reached agreement with the NSW Government to enhance regulatory certainty in the Sydney market until 30 June 2041. The key elements of this agreement comprise:

- Casino EGM exclusivity

The Star Sydney will continue to be the exclusive casino provider of EGMs under the current casino licencing arrangements in the Sydney market. The Star will be entitled to financial compensation from the NSW Government should EGMs be installed at Crown Sydney at any time until 30 June 2041.

- No material change to key regulations

The Star will be entitled to financial compensation from the NSW Government if there are material changes to key regulatory arrangements applicable to The Star Sydney until 30 June 2041. Whilst there are certain stated exceptions, the main triggers for compensation include changes to key existing operating conditions which include the permitted number of gaming units (no caps on tables and multi-terminal gaming machines, 1,500 cap on EGMs), operating hours (24 hours / 7 days a week) and limits on jackpots and prizes (uncapped).

**Authorised by:**

Board of Directors

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**ATTACHMENT: FY2021 DOMESTIC GAMING TAX RATES**

Lower Band	Upper Band	Tax Rate (excluding GST and RGL)	Tax Rate (including GST and RGL)	Tax Paid at Upper Band	Average Tax Rate at Upper Band
0	\$780,000,000	16.41%	27.50%	\$214,500,000	27.50%
\$780,000,000	\$786,500,000	17.41%	28.50%	\$216,352,500	27.51%
\$786,500,000	\$793,000,000	18.41%	29.50%	\$218,270,000	27.52%
\$793,000,000	\$799,500,000	19.41%	30.50%	\$220,252,500	27.55%
\$799,500,000	\$806,000,000	20.41%	31.50%	\$222,300,000	27.58%
\$806,000,000	\$812,500,000	21.41%	32.50%	\$224,412,500	27.62%
\$812,500,000	\$819,000,000	22.41%	33.50%	\$226,590,000	27.67%
\$819,000,000	\$825,500,000	23.41%	34.50%	\$228,832,500	27.72%
\$825,500,000	\$832,000,000	24.41%	35.50%	\$231,140,000	27.78%
\$832,000,000	\$838,500,000	25.41%	36.50%	\$233,512,500	27.85%
\$838,500,000	\$845,000,000	26.41%	37.50%	\$235,950,000	27.92%
\$845,000,000	\$851,500,000	27.41%	38.50%	\$238,452,500	28.00%
\$851,500,000	\$858,000,000	28.41%	39.50%	\$241,020,000	28.09%
\$858,000,000	\$864,500,000	29.41%	40.50%	\$243,652,500	28.18%
\$864,500,000	\$871,000,000	30.41%	41.50%	\$246,350,000	28.28%
\$871,000,000	\$877,500,000	31.41%	42.50%	\$249,112,500	28.39%
\$877,500,000	\$884,000,000	32.41%	43.50%	\$251,940,000	28.50%
\$884,000,000	\$890,500,000	33.41%	44.50%	\$254,832,500	28.62%
\$890,500,000	\$897,000,000	34.41%	45.50%	\$257,790,000	28.74%
\$897,000,000	\$903,500,000	35.41%	46.50%	\$260,812,500	28.87%
\$903,500,000	\$910,000,000	36.41%	47.50%	\$263,900,000	29.00%
\$910,000,000	\$916,500,000	37.41%	48.50%	\$267,052,500	29.14%
\$916,500,000	No upper band	38.91%	50.00%		