



**ASX / MEDIA RELEASE  
FOR IMMEDIATE RELEASE  
8 JULY 2014**

### **RESTRICTED GAMING LICENCE ISSUED FOR CROWN SYDNEY**

**MELBOURNE: Crown Resorts Limited (ASX: CWN)** announced today that it has been issued a Restricted Gaming Licence by the New South Wales Independent Liquor and Gaming Authority (“ILGA”) for the Crown Sydney Hotel Resort at Barangaroo South and has also signed a number of further Agreements with the New South Wales Government and ILGA.

The key features of the Restricted Gaming Licence and the terms of the further Agreements include:

- The Crown Sydney Restricted Gaming Licence has a term of 99 years;
- Crown will, within five business days, pay a Licence Fee to the New South Wales Government of \$100 million (of which a \$5 million deposit was paid in July 2013);
- No poker machines will be permitted at Crown Sydney;
- Gaming in the Restricted Gaming Facility at Crown Sydney will be subject to minimum bet limits;
- Only members and guests will be permitted to participate in gaming at the Restricted Gaming Facility at Crown Sydney – no access to the general public;
- Gaming at Crown Sydney cannot commence until after 15 November 2019;
- Smoking will be permitted in the Restricted Gaming Facility at Crown Sydney provided that international best practice standard air quality equipment is installed, properly maintained and is subjected to regular testing;
- Gaming taxes to be paid to the State by Crown Sydney are:
  - Non-rebate Duty on Non-rebate Gaming Revenue of 29%, which includes the 2% Responsible Gambling Levy and GST; and
  - Rebate Player Duty on Rebate Gaming Revenue of 10%, which includes GST.
- Crown has guaranteed to the New South Wales Government that:
  - The aggregate of the gaming taxes received by the State (on a normalised basis) from Crown Sydney and The Star in the first three years of gaming at Crown Sydney will be equal to at least three times the gaming taxes received from The Star (on a normalised basis) in the year prior to gaming commencing at Crown Sydney; and
  - During the first 15 years of operation of Crown Sydney, the State will receive at least \$1 billion in gaming taxes (inclusive of the Licence Fee) from Crown;

- The Restricted Gaming Licence cannot be amended without Crown's consent;
- Given Crown's commitment to undertake this significant investment in Sydney's first six-star hotel resort, the State has agreed to compensate Crown for certain events, including if the State amends or cancels the Restricted Gaming Licence (other than with Crown's consent or as a result of disciplinary action for breach of licence) or if the State increases the rates of gaming tax in the first 20 years of operation of Crown Sydney; and
- Crown has agreed to a package of security documents for its payments and obligations to the State and ILGA.

Crown Resorts' Chief Executive Officer, Rowen Craigie, said:

"Today is an important milestone for the Crown Sydney Hotel Resort project. Crown and its Chairman, James Packer, are committed to building a truly iconic six-star hotel for Sydney that will be recognised globally. Crown Sydney will help bring additional international and domestic tourists to Sydney, create over 1,200 jobs and generate significant economic growth for New South Wales. For the local community, Crown Sydney will help activate Barangaroo 24 hours a day, making the precinct a safe and vibrant place for tourists, local residents and all Sydneysiders."

The further Agreements which have been signed with the New South Wales Government and ILGA are a part of the licensing process and give effect to the Framework Agreement with the New South Wales Government. Those further Agreements include the following documents:

- Duty and Responsible Gambling Levy Agreement – under which Crown agrees to pay gaming taxes to the State;
- Financial Arrangements Agreement – under which Crown provides certain guarantees as to the amount of gaming tax which will be paid to the State;
- State Crown Financial Deed – under which Crown agrees to provide security for its obligations and the State agrees to compensate Crown in certain circumstances;
- VIP Gaming Management Agreement – which sets out certain requirements for the operation of the Restricted Gaming Facility; and
- Guarantees from Crown Resorts Limited and certain of its key subsidiaries.

The Crown Sydney Hotel Resort project is still subject to planning approval as well as the negotiation of final agreements with Lend Lease and the Barangaroo Delivery Authority. The Crown Sydney Hotel Resort is expected to open in November 2019.

A copy of ILGA's Media Release and Determination are attached.

**ENDS**

## **COPIES OF RELEASES**

Copies of previous media and ASX announcements issued by Crown are available at Crown's website at [www.crownresorts.com.au](http://www.crownresorts.com.au)

Tuesday 8 July 2014

## **CROWN SYDNEY GRANTED LICENCE TO OPERATE BARANGAROO RESTRICTED GAMING FACILITY**

The NSW Independent Liquor and Gaming Authority has granted approval to Crown Sydney Gaming Pty Ltd to operate the proposed Barangaroo Restricted Gaming Facility from 15 November 2019.

On 16 December 2013, Crown Sydney applied to the Authority seeking approval to be granted a Restricted Gaming Licence.

The application followed completion of negotiations for a proposed integrated hotel resort complex at Barangaroo as part of the NSW Government's Unsolicited Proposal process and amendments to the Casino Control Act.

In assessing the application, the Authority was required to determine if Crown Sydney and all close associates of Crown Sydney were suitable to be concerned in or associated with the management and operation of the proposed Barangaroo Restricted Gaming Facility. It was also necessary to consider all business associates of Crown Sydney and of its close associates.

The Authority's investigations and considerations were conducted for the purpose of ensuring that:

- the ownership, finances, management and operations of the Restricted Gaming Facility are satisfactory and would be financially viable;
- the facility would remain free from criminal influence, exploitation and undesirable or unsatisfactory financial sources; and
- the potential of the Restricted Gaming Facility to cause harm to the public interest is contained and appropriately regulated.

The Authority's investigation considered a wide range of material sourced from a number of regulatory and enforcement agencies both nationally and internationally, probity inquiries, public submissions, and legal and financial advice.

The Authority also took into account information obtained through its previous investigation concerning the Crown Group in relation to Crown's application to acquire up to 23% of Echo Entertainment, which was completed on 10 May 2013.

The Authority's investigation also focused on relevant individuals and entities connected to or associated with Crown Sydney, including its ultimate holding company Crown Resorts, Consolidated Press Holdings and James Packer. It included a review of their business and legal affairs, including any litigation in Australia or overseas and any criminal or related incidents, to determine whether they were of good repute having regard to character, honesty and integrity.



In recognising that Crown is an international company, the Authority also reviewed Crown's operations overseas and will continue to monitor any business associations arising in new gaming jurisdictions.

The decision of the Authority has been entirely separate from and independent of the decision making by the NSW Government under the Unsolicited Proposal process. It has been further overseen by an independent process auditor, IAB Services.

Commencement of gaming operations at the proposed Restricted Gaming Facility remains subject to various agreements being reached between the Barangaroo Delivery Authority, Lend Lease and Crown Resorts; obtaining relevant planning approvals; and the completion of the construction of the integrated hotel and Restricted Gaming Facility proposed in the Crown Unsolicited Proposal. The development and construction of the hotel and Restricted Gaming Facility are under the oversight and control of the Barangaroo Delivery Authority.

A Ministerial Direction issued on 12 December 2013 naming Crown Sydney as an 'approved applicant' to apply for a licence contains the terms and conditions of the proposed licence.

The Authority will publish on its website Section 142 agreements relevant to the operation and management of the Restricted Gaming Facility, following the tabling of a Duty and Responsible Gambling Levy Agreement by the Treasurer in each House of Parliament as required by Section 118 of the Act, which is anticipated in August.

The Authority's decision and Ministerial Direction are available at [http://www.ilga.nsw.gov.au/Reviews and Investigations](http://www.ilga.nsw.gov.au/Reviews_and_Investigations)

**Media contact: Mark Nolan 0421 613 720**



## DETERMINATION OF APPLICATION FOR A RESTRICTED GAMING LICENCE – CROWN SYDNEY GAMING PTY LTD

The Independent Liquor and Gaming Authority of New South Wales (**Authority**) has granted a Restricted Gaming Licence to operate the Barangaroo Restricted Gaming Facility from 15 November 2019, to Crown Sydney Gaming Pty Ltd (**Crown Sydney**), a wholly owned subsidiary of Crown Resorts Limited (**Crown Resorts**).

### Unsolicited Proposals process

On 6 September 2012, Crown Resorts submitted an Unsolicited Proposal to build and operate an integrated hotel resort complex at Barangaroo.

On 4 July 2013, the State announced its decision to allow the Crown Unsolicited Proposal to advance to the final stage of the Unsolicited Proposals process, under which a binding agreement was entered into by the State, Crown Resorts and certain wholly owned subsidiaries of Crown Resorts under the Crown Unsolicited Proposal.

The Decision making by the State under the Unsolicited Proposal process was separate from and independent of the Authority.

Commencement of gaming operations at the proposed Restricted Gaming Facility remains subject to various agreements being reached between the Barangaroo Delivery Authority, Lend Lease and Crown Resorts; obtaining relevant planning approvals and the completion of the construction of the integrated hotel and Restricted Gaming Facility proposed in the Crown Unsolicited Proposal. The development and construction of the hotel and Restricted Gaming Facility are under the oversight and control of the Barangaroo Delivery Authority.

### Amendments to the Casino Control Act

Following the State's selection of the Crown Unsolicited Proposal, the *Casino Control Act 1992* (**Act**) was amended to provide for an application process under which a Restricted Gaming Licence may be issued and granted by the Authority as an independent statutory authority. The amendments to the Act commenced operation on 27 November 2013.

### Crown Sydney licence application

Following the amendments to the Act, a Ministerial Direction was issued under the Act by the Minister for Hospitality, Gaming and Racing, and Minister for the Arts on 12 December 2013, naming Crown Sydney as an 'approved applicant' to apply for the Restricted Gaming Licence under section 13 of the Act. The Ministerial Direction is found on the Authority's website.

This Ministerial Direction also contained the terms and conditions of the Restricted Gaming Licence.

On 16 December 2013, Crown Sydney applied to the Authority seeking approval to be granted a Restricted Gaming Licence as an approved applicant under the Act.

### Key suitability considerations under the Act

Section 13A of the Act provides that “*the Authority must not grant an application for a Restricted Gaming Licence unless it is satisfied that the approved applicant, and each close associate of the approved applicant, is a suitable person to be concerned in or associated with the management and operation of the Barangaroo Restricted Gaming Facility*”.

Under the Act, a person is considered to be a close associate of Crown Sydney if the person holds a relevant financial interest, or is able to exercise a relevant power, in relation to Crown Sydney and (as a result of that financial interest or power) the Authority is of the opinion that the relevant person is, or will be, able to exercise a significant influence over or with respect to the management or operation of the Restricted Gaming Facility. Alternatively, a person may also be a close associate of Crown Sydney by virtue of that person holding a “relevant position” in the business of Crown Sydney.

Relevantly, the close associates of Crown Sydney include:

- (a) Crown Resorts (Crown Sydney’s ASX listed ultimate holding company);
- (b) Consolidated Press Holdings Limited and related entities (**CPH**) (the majority shareholder of Crown Resorts); and
- (c) certain directors and officers in key executive positions of Crown Sydney, Crown Resorts, CPH and related companies and individuals including Mr James Packer.

In determining Crown Sydney’s application, the Authority had regard to the matters set out under section 13A(2) of the Act. These matters relate directly to the suitability of Crown Sydney and its close associates under section 13A(1) of the Act and include whether:

- (a) each of Crown Sydney and its close associates is of good repute, having regard to character, honesty and integrity, and
- (b) each of Crown Sydney and its close associates is of sound and stable financial background, and
- (c) Crown Sydney has or has arranged a satisfactory ownership, trust or corporate structure, and
- (d) Crown Sydney has or is able to obtain financial resources that are both suitable and adequate for ensuring the financial viability of the Restricted Gaming Facility, and
- (e) Crown Sydney has or is able to obtain the services of persons who have sufficient experience in the management and operation of a casino or similar gaming facility, and
- (f) Crown Sydney has sufficient business ability to maintain a successful gaming facility, and
- (g) any of Crown Sydney or its close associates has any business association with any person, body or association who, in the opinion of the Authority, is not of good repute having regard to character, honesty and integrity or has undesirable or unsatisfactory financial sources, and
- (h) each director, partner, trustee, executive officer and secretary and any other officer or person determined by the Authority to be associated or connected with the ownership, administration or management of the operations or business of Crown Sydney or a close associate is a suitable person to act in that capacity.

In considering the matters referred to above, pursuant to section 13A(3)(a) of the Act, the Authority has taken into account information provided to the Authority during the course of previous investigations, which includes the findings made in respect of the investigations and inquiries undertaken during Crown Resorts' previous application seeking Authority approval to acquire up to 23% of Echo, and to consequently become close associates of The Star, completed on 10 May 2013.

### **Investigations and considerations**

The Authority's investigations and considerations were conducted for the purpose of ensuring that: the ownership, finances, management and operations of the Restricted Gaming Facility are satisfactory and financially viable; the Restricted Gaming Facility remains free from criminal influence, exploitation and undesirable or unsatisfactory financial sources; and the potential of the Restricted Gaming Facility to cause harm to the public interest is contained and appropriately regulated. Accordingly, the Authority's investigations extended beyond Crown Sydney and its close associates to relevant entities and individuals considered by the Authority to be business associates of Crown Sydney and its close associates, including in relation to overseas jurisdictions.

In granting the Restricted Gaming Licence, the Authority has considered a wide range of material sourced from, inter alia: public submissions made in respect of the Crown Sydney application; the Authority's current and prior probity investigations of entities and individuals (including its enquiries of overseas and local law enforcement agencies and gaming regulators); legal advice; financial advice, and appropriate process advice.

### **Probity matters**

The Authority has considered the Crown Sydney application on the basis that, if approved, the Authority would issue a Restricted Gaming Licence to Crown Sydney and relevant individuals and entities connected to or associated with Crown Sydney, including its ultimate holding company Crown Resorts, CPH and Mr James Packer. It included a review of their business and legal affairs, including any litigation in Australia or overseas and any criminal or related incidents, to determine whether they were of good repute having regard to character, honesty and integrity.

In recognising Crown is an international company, the Authority also reviewed Crown's operations overseas and will continue to monitor any business associations arising in new gaming jurisdictions.

### **Treasurer's Duty Agreement**

Separately, as part of the issue of a Restricted Gaming Licence, the Treasurer and Crown Sydney have entered into a duty agreement (**Duty Agreement**) providing for the amount, manner and timing of casino duty payments in accordance with Part 8 of the Act. The Treasurer and the Minister have consulted in respect of these duty arrangements as required under section 116(2) of the Act.

In accordance with section 118 of the Act, the Treasurer will lay before each House of Parliament, a copy of the Duty Agreement within 14 sitting days of the commencement of the next relevant Parliamentary House sitting (scheduled on 5 August 2014 for the Legislative Assembly and 12 August 2014 for the Legislative Council).

### **Section 142 Agreements**

Section 142 of the Act provides that, with the approval of, or at the direction of, the Minister, the Authority may conduct negotiations and enter into agreements on behalf of the State for or in connection with the establishment and operation of a Restricted Gaming Facility and any development of which the proposed Restricted Gaming Facility forms part.

With the approval of, and at the direction of, the Minister, as recommended by the Authority, the Authority negotiated and entered into various section 142 agreements in relation to the Crown Sydney Application (**Section 142 Agreements**).

The Section 142 Agreements address matters agreed by the State and Crown Resorts in the Unsolicited Proposals process and other matters required by the Authority. These agreements include:

- (a) various security and guarantee arrangements to secure to the Authority and the State the payment of casino duty under the Duty Agreement and guaranteed Duty revenue agreed by the State and Crown under the Unsolicited Proposals process; and
- (b) a Section 142 VIP Gaming Management Agreement agreed by the Authority, Crown Sydney and relevant close associates (including Crown Resorts), containing relevant controls over gaming, ownership, operation and management of the Restricted Gaming Facility, supplementing the Authority's regulatory controls under the Act and the Restricted Gaming Licence.

Pursuant to section 18 of the Act, in making a determination to grant the Restricted Gaming Licence, the Authority may impose conditions as the Authority thinks fit. As agreed with Crown Resorts and Crown Sydney, certain terms of the Section 142 Agreements are conditions of the Restricted Gaming Licence, resulting in breaches of those terms giving the Authority the right to take disciplinary proceedings under section 23 of the Act, or alternately, take action under the contractual security regime referred to above.

The Authority has satisfied itself that the terms of the Section 142 Agreements are consistent with the Act.

To coincide with the tabling of the Duty Agreement in Parliament, the Authority will publish on its website the Section 142 Agreements relevant to the operation or management of the Restricted Gaming Facility, subject to redactions made for information relating to commercial-in-confidence financial matters and third party confidential information

### **Independence**

The Authority has exercised its statutory role in determining to grant the Restricted Gaming Licence separate from and independently of:

- (a) the State, in its role under the Unsolicited Proposal process and role as a party to certain Section 142 Agreements and other agreements with Crown Resorts and Crown Sydney consequent upon that process;
- (b) the Minister, in exercising his powers under the Act to issue directions, and his approval of negotiation and entering into of the Section 142 Agreements by the Authority for and on behalf of the State; and
- (c) the Treasurer, in his role in relation to the negotiation and entering into the Duty Agreement.

The terms and conditions of all agreements between Crown Sydney, Crown Resorts, the State and others are consistent with the matters agreed during the various stages of the Unsolicited Proposals process.

**Independent process audit**

The granting of the Restricted Gaming Licence and the negotiation of, and entry into, the Section 142 Agreements by the Authority have occurred with the oversight of the Authority's appointed independent process auditor, IAB Services, led by senior consultant Jason Masters. Under Mr Masters' guidance and advice the Authority has discharged its statutory obligations, and no conflicts of interest have arisen as regards the Authority's consideration of the Crown Sydney application and the confidentiality of relevant third parties has been protected.

**8 July 2014**