

REVISED DATE FOR TATTS SHAREHOLDERS TO VOTE ON SCHEME OF ARRANGEMENT FOR PROPOSED MERGER WITH TABCORP AND SUPPLEMENTARY SCHEME BOOKLET RELEASED

Scheme Meeting Update

Tatts Group Limited (**Tatts**) advises that today the Supreme Court of Victoria has made orders to postpone the meeting of Tatts shareholders (**Scheme Meeting**) to allow shareholders to consider new information in relation to the previously announced Scheme of Arrangement (**Scheme**) for the proposed merger to combine Tatts and Tabcorp Holdings Limited (**Proposed Merger**).

The revised date for the Scheme Meeting is 3.00pm (Brisbane time) on **Tuesday, 12 December 2017** at the Brisbane Convention & Exhibition Centre, corner Merivale and Glenelg Streets, South Bank, Brisbane, Queensland. The Scheme Meeting will be held immediately after Tatts' AGM, which will commence at 1.30pm (Brisbane time).

All Tatts shareholders are encouraged to vote either by attending the Scheme Meeting in person or lodging a proxy form. As a result of the postponement of the meeting, proxy forms must now be received no later than 3.00pm (Brisbane time) on 11 December 2017.

Supplementary Scheme Booklet

A copy of a Supplementary Scheme Booklet containing updated material information regarding the Proposed Merger has been provided to ASIC and is attached to this announcement. The Supplementary Scheme Booklet will be sent to Tatts shareholders on or about 1 December 2017.

The Independent Expert, Grant Samuel & Associates Pty Limited, continues to conclude that the Scheme is in the best interests of Tatts' shareholders, in the absence of a superior proposal.

The Tatts Board unanimously recommends that shareholders vote in favour of the Scheme, in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Tatts' shareholders. Subject to those same qualifications, each Tatts Director intends to vote in favour of the Scheme in relation to the Tatts shares held or controlled by them.

Revised Indicative Timetable for the Scheme

The revised indicative timetable for the Scheme is set out below.

Event	Expected date¹
Supplementary Scheme Booklet dispatched to Tatts shareholders	1 December 2017
Latest date for proxy forms to be received by Tatts' share registry	3.00pm (Brisbane time) on 11 December 2017
Scheme Meeting to vote on the Scheme	3.00pm (Brisbane time) on 12 December 2017
Second Court Date for approval of the Scheme	13 December 2017
Effective Date of the Scheme	13 December 2017
Special Dividend Record Date	15 December 2017
Special Dividend Payment Date	19 December 2017
Scheme Record Date (for determining entitlement to Scheme Consideration)	19 December 2017
Scheme Implementation Date	22 December 2017

Further Information

Tatts shareholders can obtain further information in relation to the Scheme Booklet or the Proposed Merger by calling the Tatts shareholder information line on 1300 648 141 (callers within Australia) or +61 3 9415 4127 (callers outside Australia) on business days between 8.30am and 5.30pm (AEDT).

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¹ All dates are indicative only and subject to change.

SUPPLEMENTARY SCHEME BOOKLET

For a scheme of arrangement
in relation to the proposed
combination of Tatts Group
Limited (ABN 19 108 686 040)
and Tabcorp Holdings Limited
(ABN 66 063 780 709)

Tabcorp

Time and date of Scheme Meeting

Time: 3.00pm (Brisbane time)

Date: 12 December 2017

Venue: Brisbane Convention &
Exhibition Centre, cnr Merivale &
Glenelg St, South Bank, QLD 4101

VOTE IN FAVOUR

THE TATTS DIRECTORS UNANIMOUSLY
RECOMMEND THAT YOU VOTE IN FAVOUR OF
THE RESOLUTION TO APPROVE THE SCHEME,
IN THE ABSENCE OF A SUPERIOR PROPOSAL.

THE INDEPENDENT EXPERT HAS CONCLUDED
THAT THE SCHEME IS IN THE BEST INTERESTS
OF TATTS SHAREHOLDERS, IN THE ABSENCE
OF A SUPERIOR PROPOSAL.

Important Notices

This is an important document and requires your immediate attention. If you are in any doubt as to how to deal with this document, please consult your legal, investment, tax or other professional adviser immediately. If you have recently sold all of your Tatts Shares, please ignore this document.

This Supplementary Scheme Booklet is dated 28 November 2017 and supplements the Scheme Booklet dated 8 September 2017 prepared in connection with the Scheme. The purpose of this Supplementary Scheme Booklet is to provide Tatts Shareholders with updated information regarding the Scheme prior to the Scheme Meeting.

It is intended that this Supplementary Scheme Booklet be read together with the Scheme Booklet. You should read this Supplementary Scheme Booklet and the Scheme Booklet in their entirety before making a decision as to whether or not to vote in favour of the Scheme. You should seek advice from your own independent and appropriately licensed financial, legal, tax or other professional adviser before making any decision regarding the Scheme or how to vote in relation to the Scheme.

The 'Important Notices' section set out on pages 4 to 6 of the Scheme Booklet also applies to the contents of this Supplementary Scheme Booklet (as if each reference to the "Scheme Booklet" were a reference to this "Supplementary Scheme Booklet"), including in relation to the forward looking statements contained in this Supplementary Scheme Booklet.

The Tatts Information (which does not include the Tabcorp Information or the Independent Expert's opinion) in this Supplementary Scheme Booklet has been prepared by Tatts and is the responsibility of Tatts. Neither Tabcorp nor any of the Tabcorp Directors, Tabcorp Subsidiaries, officers, employees or advisers assume any responsibility for the accuracy or completeness of the Tatts Information.

The Tabcorp Information (being the information regarding the Tabcorp Group, and the Combined Group following Implementation of the Scheme) in this Supplementary Scheme Booklet has been prepared by Tabcorp and is the responsibility of Tabcorp. Neither Tatts nor any of the Tatts Directors, Tatts Subsidiaries, officers, employees or advisers assume any responsibility for the accuracy or completeness of the Tabcorp Information.

A copy of this Supplementary Scheme Booklet has been provided to ASIC and ASX. Neither ASIC nor ASX nor any of their respective officers take any responsibility for the contents of this Supplementary Scheme Booklet. This Supplementary Scheme Booklet was approved by the Court for dispatch to Tatts Shareholders on 28 November 2017. However, that does not mean that the Court has:

- formed any view as to the merits of the Scheme nor as to how Tatts Shareholders should vote (on this matter they must reach their own conclusion);
- prepared, or is responsible for, the content of this Supplementary Scheme Booklet; or
- approved or will approve the terms of the Scheme.

Tatts Shareholders who have any questions or require further information about the Scheme should contact the Tatts Shareholder Information Line on 1300 648 141 (within Australia) or +61 3 9415 4127 (outside Australia), Monday to Friday, between 8.30am and 5.30pm (AEDT).

Unless otherwise defined, capitalised terms used in this Supplementary Scheme Booklet have the meaning defined in Section 17 of the Scheme Booklet.

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1. Letter from the Chairman of Tatts

28 November 2017

Dear Tatts Shareholder,

On behalf of the Tatts Board, I am pleased to provide you with this Supplementary Scheme Booklet, which provides an update regarding recent events relating to the proposed combination of Tatts and Tabcorp.

On 19 October 2016, Tatts and Tabcorp announced they had reached an agreement to combine via a scheme of arrangement to be voted on by Tatts Shareholders (**Scheme**). Under the terms of the Scheme, Tatts Shareholders will receive 0.80 Tabcorp Shares plus 42.5 cents cash for each Tatts Share held, inclusive of any Tatts Special Dividend (**Transaction**). Based on the closing price of Tabcorp shares on 24 November 2017, the implied value of the Scheme Consideration to Tatts Shareholders is \$4.30 per Tatts Share.

Tatts previously announced that it intended to pay Tatts Shareholders a fully franked Tatts Special Dividend of \$0.12 per Tatts Share (subject to the availability of franking credits) immediately prior to Implementation of the Scheme. Due to the change in the expected date for Implementation and the resulting accumulation of additional franking credits, the quantum of the Tatts Special Dividend has now been increased to \$0.16 per Tatts Share. If the Tatts Special Dividend is paid, the Cash Consideration will be reduced by the amount of the Tatts Special Dividend.

The Transaction brings together two highly complementary businesses and creates a leading, diversified portfolio of gambling entertainment businesses well placed to compete in a rapidly evolving marketplace and pursue growth opportunities globally.

On 22 November 2017, the Australian Competition Tribunal (**Tribunal**) again granted Tabcorp authorisation to proceed with the Transaction, subject to Tabcorp divesting its Odyssey gaming services business. The Tribunal found that the Transaction is likely to result in public benefits to both consumers and the racing industry, by creating a combined entity that will be a more effective competitor.

Under the Merger Implementation Deed, the Transaction is subject to a competition approval condition that will be satisfied by the authorisation granted on 22 November 2017, provided that no application for judicial review is made within the 28 day prescribed period (which expires on 20 December 2017).

Tatts and Tabcorp now propose to waive the competition approval condition precedent to the Transaction provided that the ACCC confirms that it does not intend to apply for judicial review of the Tribunal's authorisation. If there is a further judicial review application or appeal of the Tribunal's decision by someone other than the ACCC, noting that appeal rights do not expire until 20 December 2017, Tatts and Tabcorp would, subject to Tatts Shareholder approval, still seek the Court's approval to Implement the Scheme. Section 10 of this Supplementary Scheme Booklet details the possible risks associated with further judicial review applications or appeals. However, Tatts and Tabcorp consider that there is a low risk of any judicial review application leading to a materially adverse outcome for the Combined Group.

Tatts recently made an application to the Court to postpone the Scheme Meeting so that Tatts could provide you with an update in relation to these and other developments since the release of the Scheme Booklet on 8 September 2017. These developments are summarised in this Supplementary Scheme Booklet. As a result of the change to the Scheme Meeting date, a new timetable of key dates can be found in Section 5 and the Scheme Meeting will now be held at:

3.00pm (Brisbane time) on Tuesday 12 December 2017

Brisbane Convention & Exhibition Centre,

corner Merivale and Glenelg Streets,

South Bank, Brisbane, Queensland.

The Scheme Meeting will follow the Tatts Annual General Meeting which commences at 1.30pm (Brisbane time) on the same day.

The Independent Expert, Grant Samuel, has considered recent events and continues to conclude that the Scheme is in the best interests of Tatts Shareholders, in the absence of a superior proposal.

The Tatts Board has considered the advantages and disadvantages of the Scheme and unanimously recommends that you vote in favour of the Scheme, in the absence of a Superior Proposal. Each Tatts Director intends to vote in favour of the Scheme in relation to the Tatts Shares held or controlled by them, in the absence of a Superior Proposal.

I strongly encourage you to read this Supplementary Scheme Booklet and the Scheme Booklet carefully before casting your vote. If you are unable to attend the Scheme Meeting in person, I encourage you to vote by completing a Proxy Form and returning it to the Tatts Share Registry so that it is received no later than 3.00pm (Brisbane time) on Monday 11 December 2017. If you require a new Proxy Form please contact the Tatts Shareholder Information Line.

If you have any questions or require further information in relation to this Supplementary Scheme Booklet or the Scheme, you should call the Tatts Shareholder Information Line on 1300 648 141 (within Australia) or +61 3 9415 4127 (outside Australia) on Business Days between 8.30am and 5.30pm (AEDT). If you are in any doubt as to what you should do, you should consult your independent adviser.

On behalf of the Tatts Board I would like to take this opportunity to thank you for your ongoing support and I look forward to your participation at the Scheme Meeting.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Harry Boon', followed by a horizontal line.

Harry Boon, Chairman

Tatts Group Limited

2. Overview of this Supplementary Scheme Booklet

The purpose of this Supplementary Scheme Booklet is to provide Tatts Shareholders with an update in relation to a number of developments since the release of the Scheme Booklet on 8 September 2017. These developments include:

- the recent increase in the price of Tabcorp Shares on ASX (as set out in Section 3);
- an increase in the amount of the Special Dividend (as set out in Section 4);
- the indicative timetable for the Scheme (as set out in Section 5);
- the grant of authorisation by the Australian Competition Tribunal (as set out in Section 6);
- the parties' intention to waive the competition approval condition in certain circumstances (as set out in Section 10); and
- the updates to trading performance of each of Tatts and Tabcorp for the first quarter of FY18 (as set out in Annexure A and Annexure B respectively).

3. The implied value of the Scheme Consideration

Under the terms of the Scheme, Tatts Shareholders will receive 0.80 Tabcorp Shares plus 42.5 cents cash for each Tatts Share held, inclusive of any Tatts Special Dividend.

Based on the closing price of Tabcorp Shares on the last trading day prior to the announcement of the Scheme (being \$4.89 per Tabcorp Share as at 17 October 2016), the implied value of the Scheme Consideration was \$4.34 per Tatts Share. Based on the closing price of Tabcorp Shares on 7 September 2017, being the last Trading Day prior to the date of the Scheme Booklet, the implied value of the Scheme Consideration was \$3.66 per Tatts Share.

Based on the closing price of Tabcorp Shares on 24 November 2017, being the last practicable Trading Day prior to the date of this Supplementary Scheme Booklet, the implied value of the Scheme Consideration to Tatts Shareholders is \$4.30. This is an increase of \$0.64 or 17.5% per share since the release of the Scheme Booklet on 8 September 2017¹, and represents a 19.7% premium to Tatts' share price of \$3.59 as at 17 October 2016, being the last Trading Day prior to the announcement of the Transaction.

4. Increase in quantum of Tatts Special Dividend

Tatts previously announced that it intended to pay Tatts Shareholders a fully franked Tatts Special Dividend of \$0.12 per Tatts Share (subject to the availability of franking credits) immediately prior to Implementation of the Scheme.

Due to the change in the expected date for Implementation and the resulting accumulation of additional franking credits, the quantum of the Tatts Special Dividend is now expected to be increased to \$0.16 per Tatts Share (subject to the availability of franking credits).

If the Tatts Special Dividend is paid, the Cash Consideration will be reduced by the amount of the Tatts Special Dividend.

A fully franked dividend of \$0.16 per Tatts Share would have approximately \$0.07 per Tatts Share of franking credits attached. Whether a Tatts Shareholder is able to capture the benefit of any franking credit associated with the Special Dividend will depend on their particular tax circumstances.

Tatts shareholders will have the right to participate fully in all dividends declared by the Combined Group on or after the Implementation Date.

¹ Please refer to Section 11.4 below for further information on certain accounting implications

5. Key dates

The current indicative timetable for the Scheme is set out below:

Event	Time and Date
Latest date for Proxy Forms to be received	3.00pm on Monday, 11 December 2017
Scheme Meeting to vote on the Scheme	3.00pm on Tuesday, 12 December 2017
Second Court Date for approval of the Scheme	Wednesday, 13 December 2017
Effective Date of the Scheme	Wednesday, 13 December 2017
Tatts Special Dividend Record Date	6.00pm on Friday, 15 December 2017
Tatts Special Dividend Payment Date	Tuesday, 19 December 2017
Scheme Record Date (for determining entitlement to Scheme Consideration)	6.00pm on Tuesday, 19 December 2017
Scheme Implementation Date	Friday, 22 December 2017

Except where otherwise specified, all times and dates in the above timetable are references to the time and date in Brisbane (Queensland), Australia and all such times and dates are subject to change. Tatts may vary any or all of these dates and times and will provide reasonable notice of any such variation.

6. Competition authorisation and waiver of competition approval condition

6.1 AUTHORISATION

On 22 November 2017, the Australian Competition Tribunal (**Tribunal**) granted Tabcorp authorisation for Tatts to be acquired by Tabcorp. This was on the basis that the Transaction would result in, or be likely to result in, such a benefit to the public that the Transaction should be allowed to occur. The authorisation is conditional on Tabcorp divesting its Odyssey Gaming Business (which has been agreed, conditional on the Scheme proceeding).

This is a significant step towards Implementing the Transaction. It follows the earlier grant of authorisation on 22 June 2017, which was set aside by the Full Court of the Federal Court (**Full Court**) on 20 September 2017. In response to an application by the ACCC, the Full Court found that the Tribunal's decision of 22 June 2017 had not dealt with one aspect of the ACCC's case in the original hearing. The Federal Court ordered that the matter be remitted to the Tribunal for further consideration and dismissed a further challenge which had been brought by CrownBet Pty Limited. See Section 10 below for further details.

6.2 PROPOSED WAIVER OF COMPETITION CONDITION

Under clause 3.1(a)(1) of the Merger Implementation Deed, the Transaction is subject to a competition approval condition precedent (**Competition Condition**) that will be satisfied by the authorisation granted on 22 November 2017, provided no application for judicial review is made within the 28 day prescribed period (which expires on 20 December 2017).

Tatts and Tabcorp have recently held discussions with the ACCC to ascertain whether or not the ACCC intends to file any further application for judicial review of the Tribunal's decision to authorise the Transaction. The ACCC has indicated that it is currently considering the Tribunal's reasons and will endeavour to inform the parties of its intentions as soon as practicable. If the ACCC confirms (in a form and on terms reasonably acceptable to both parties) that it does not intend to make an application for judicial review of the Tribunal's authorisation (**ACCC Confirmation**), then Tatts and Tabcorp propose to waive the Competition Condition (**the Waiver**).

If the ACCC declines to provide the ACCC Confirmation, the parties remain entitled to, and will discuss in good faith whether they will, waive the Competition Condition. If however the ACCC Confirmation has not been received before the date scheduled for the Scheme Meeting, then Tatts intends to apply to Court to postpone the Scheme Meeting.

Tatts will notify ASX and Tatts Shareholders as soon as practicable if the ACCC Confirmation is received and the Waiver is given. Tatts Shareholders are encouraged to monitor Tatts' website (www.tattsgroup.com) and ASX announcements released by Tatts (which are available at www.asx.com.au under the code "TTS"). In addition, Tatts will release to ASX and publish a notice as to the status of the Competition Condition on its website and in both The Australian newspaper and the Courier Mail newspaper on Tuesday **5 December 2017**. This notice may either confirm that the ACCC Confirmation has been received and the Competition Condition has been waived, or that Tatts will seek a further postponement of the Scheme Meeting.

If any application for judicial review of the Tribunal's decision is made by a party other than the ACCC, Tatts and Tabcorp nevertheless propose to give the Waiver having regard to the following factors:

- whether the ACCC Confirmation has been received;
- the findings of the Tribunal;
- the low risk of any judicial review application leading to a materially adverse outcome for the Combined Group; and
- the risks described in Section 10 of this Supplementary Scheme Booklet and the unlikelihood of those risks being realised.

Tatts Shareholders should carefully read Section 10 of this Supplementary Scheme Booklet as it outlines further detail regarding the Tribunal's authorisation, the proposed Waiver and possible risks to the Combined Group if the Transaction is Implemented and a judicial review application is subsequently successful.

7. Other Conditions Precedent

Apart from the Competition Condition, the only remaining Conditions Precedent to Implementation of the Transaction are:

- approval by the Requisite Majorities of Tatts Shareholders; and
- approval by the Court.

All other conditions to the Scheme have been satisfied. This includes all pre-Implementation approvals by various State and Territory gambling regulatory authorities required for Implementation of the Transaction.

Subject to receiving approval by the Requisite Majorities of Tatts Shareholders at the Scheme Meeting on 12 December 2017, Tatts intends to apply to the Court on 13 December 2017 for orders approving the Scheme. The Court has a discretion as to whether to grant the orders approving the Scheme, even if the Scheme is approved by the Requisite Majorities of Tatts Shareholders.

If approved, the Scheme Record Date is expected to be 19 December 2017 and the Transaction is expected to be Implemented on 22 December 2017.

8. Directors' recommendation in relation to the Scheme

The Tatts Board continues to believe that the Transaction is in the best interests of Tatts Shareholders and **unanimously recommends that Tatts Shareholders vote in favour of the Scheme** at the Scheme Meeting, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Transaction is in the best interests of Tatts Shareholders.

In continuing to recommend that Tatts Shareholders vote in favour of the Scheme, the Tatts Board consider that the benefits and advantages of the Scheme outweigh the risks and disadvantages of the Scheme (including without limitation those risks discussed in Section 10 below).

Subject to the qualifications noted above, each Tatts Director intends to vote in favour of the Scheme in relation to all Tatts Shares held or controlled by them.

9. Independent Expert opinion

The Independent Expert, Grant Samuel & Associates Pty Limited, has reviewed its opinion in relation to the Scheme in light of matters that have arisen or changed since 8 September 2017 (including the information contained in this Supplementary Scheme Booklet) and advised Tatts that it remains of the view that the Scheme is in the best interests of Tatts Shareholders, in the absence of a superior proposal. The reasons why the Independent Expert reached this conclusion are set out in the Independent Expert's Report, which is Annexure A to the Scheme Booklet (dated 8 September 2017). Tatts Shareholders should carefully review the Independent Expert's Report in its entirety.

10. Risks from competition law

As set out in Section 6.2 above, Tatts and Tabcorp now propose to give a Waiver of the Competition Condition provided that the ACCC Confirmation is received to the effect that it does not intend to apply for judicial review of the Tribunal's authorisation. However, there remains a risk that a further judicial review application or appeal of the Tribunal's decision is made by one of the other parties which opposed the granting of the authorisation. Whilst no such party has indicated an intention to do so as at the date of this Supplementary Scheme Booklet, their appeal rights do not expire until 20 December 2017.

Accordingly, this Section 10 details the possible risks associated with further judicial review applications or appeals. Although Tatts and Tabcorp consider that there is a low risk of any judicial review application or appeal leading to a materially adverse outcome for the Combined Group, Tatts Shareholders should read this Section 10 carefully and seek independent professional advice if you are in any doubt as to its implications.

10.1 AUTHORISATION

The decision of the Tribunal on 22 November 2017 to grant authorisation means that Tabcorp's acquisition of Tatts is protected from the operation of section 50 of the *Competition and Consumer Act 2010 (CCA)* (the provision which prohibits anti-competitive mergers) so long as the acquisition takes place in accordance with the authorisation and the authorisation remains in force.

The only condition of the authorisation is that Tabcorp must divest the Odyssey Gaming Business which is the subject of an agreed undertaking with the ACCC. As announced by Tabcorp on 18 April 2017, Tabcorp has executed agreements with Australian National Hotels Pty Ltd, a subsidiary of Federal Group, to divest the Odyssey Gaming Business (subject to the Transaction becoming Effective).

In granting authorisation the Tribunal was satisfied that, in all of the circumstances, the Transaction would result, or be likely to result, in "*such a benefit to the public that the Transaction should be allowed to occur*".

The Tribunal's reasons state that the Transaction is likely to result in public benefits to both consumers and the racing industry, by creating a combined entity that will be a more effective competitor, which will lead to greater competition, particularly in online wagering.

The Tribunal dismissed the concerns raised by third parties as either unlikely to arise or as not material. In particular, the Tribunal found that the Transaction will not lead to any material lessening of competition in the consumer wagering market (in fact stating that the opposite is the case) or any other market.

The Tribunal also found that the benefits from the Transaction will be substantial:

"... because of an increased amount of competition. Additionally, there would also be a benefit to the racing industry in the form of increased product fees and by way of the benefits to shareholders from cost savings."

A summary of the Tribunal's key competition findings is set out in Section 10.5 below.

The Administrative Decisions (Judicial Review) Act 1977 (Cth) (ADJR) allows a 28-day period (which expires on 20 December 2017) for a party with standing to seek judicial review of the Tribunal's decision. As at the date of this Supplementary Scheme Booklet, no third party has indicated that they intend to do this.

However, given that a judicial review application may be made up to and including 20 December 2017 and that if the ACCC Confirmation is received Tatts and Tabcorp propose to give the Waiver and seek approval of the Court for the Scheme despite the possibility or fact of any such review application being filed, Section 10.5 of the Supplementary Scheme Booklet sets out information about the competition law approval and the implications and risks that might arise if the Transaction proceeds in circumstances where such an application is filed and succeeds.

If the ACCC declines to provide the ACCC Confirmation, the parties remain entitled to, and will discuss in good faith whether they will, waive the Competition Condition.

10.2 BACKGROUND TO AUTHORISATION APPLICATION

At the outset, it should be noted that an authorisation by the Tribunal is not a legal requirement for the Scheme to proceed.

Authorisation gives immunity from any allegation of a breach of section 50 of the CCA (the provision which prohibits anti-competitive mergers). However, authorisation is not a pre-requisite to the Transaction but rather a means to eliminate any risk that the Transaction may contravene section 50 of the CCA. In that respect, authorisation is unlike other regulatory approvals required to implement the Scheme, such as the approvals required from the relevant gambling regulatory authorities (all of which have now been obtained).

Tabcorp, with the support of Tatts, decided to seek informal clearance from the ACCC in November 2016. On 9 March 2017, the ACCC released a statement of issues which set out the ACCC's preliminary views in relation to the Transaction. Shortly after the release of the ACCC's statement of issues, Tabcorp sought authorisation from the Tribunal under the CCA. As a consequence of lodging an application with the Tribunal, Tabcorp withdrew its application for informal clearance by the ACCC.

As noted above, authorisation was granted on 22 June 2017 but was set aside by the Full Court of the Federal Court on 20 September 2017 which held there was a legal error in the Tribunal's decision because it had not dealt with one aspect of the ACCC's case in the original hearing. The Full Court decided to remit the matter back to the Tribunal so that Tabcorp's authorisation application could be re-considered in light of this legal error identified by the Full Court.

10.3 SECOND AUTHORISATION PROCEEDINGS

In September 2017, after the matter was remitted to the Tribunal by the Full Court, the Tribunal raised a concern that the statutory timeframe for making a determination of Tabcorp's original application may have expired, leaving it without jurisdiction. Tatts and Tabcorp made submissions disagreeing with that view. After submissions from the relevant parties, the Tribunal decided that it would assume jurisdiction, but to overcome any doubt in that regard, the Tribunal suggested that Tabcorp file a fresh application for authorisation, which was done on 28 September 2017. The original application and the new application were considered in parallel.

On 22 November 2017, the Tribunal made determinations in respect of each application made by Tabcorp and granted authorisation permitting Tabcorp to acquire Tatts. Authorisation was granted on the basis that the Transaction would result in, or be likely to result in, such a benefit to the public that the Transaction should be allowed to occur. Each authorisation is conditional on Tabcorp divesting the Odyssey Gaming Business (which has been agreed, conditional on the Scheme proceeding, as set out in section 12.3(F) of the Scheme Booklet).

10.4 THE TRIBUNAL'S KEY FINDINGS

(a) Context

By its determination of 22 November 2017, the Tribunal grants authorisation for the Transaction conditional only on Tabcorp divesting its Odyssey Gaming Business. In making that determination the Tribunal published reasons for its determination which set out its detailed analysis of the extensive evidence before it, as well as the submissions by Tabcorp, Tatts, the ACCC, CrownBet, Racing.com and each of Racing Victoria Limited, Harness Racing Board trading as Harness Racing Victoria and Greyhound Racing Control Board trading as Greyhound Racing Victoria (together, the **Victorian Racing Interveners**).

In reaching its conclusions that, in all of the circumstances, the acquisition would result, or be likely to result, in such a benefit to the public that the acquisition should be allowed to occur, the Tribunal considered the likelihood that the Transaction would result in material detriments, including detriments to competition as well as the public benefits likely to result from the Transaction.

The Tribunal had to consider the impact of the Transaction on competition in a number of markets and concluded that the detriments identified by the ACCC and the interveners were unlikely to either arise or are not otherwise material. The Tribunal defined "material" as "non-trivial".

(b) Wagering market

In the national consumer wagering market, the Tribunal found that the creation of the Combined Group would be unlikely to give rise to any material anti-competitive or other detriment. On the contrary, the Tribunal held that the Combined Group would be a more effective competitor and this would lead to greater competition, particularly in online wagering. The Tribunal held that this increased competition is likely to bring about public benefits to consumers, as well as benefits to the racing industry in the form of increased product fees and benefits to shareholders from cost savings.

Also relevant to wagering, the Tribunal reaffirmed its original views with respect to competition for the next Victorian totalisator licence and in any bidding process associated with a privatisation of the WA TAB, namely that there is no material lessening of competition likely to arise in relation to future bidding for either licence.

The Tribunal, as it was required to do, considered all of the arguments put forward by the ACCC and CrownBet Pty Ltd (**CrownBet**) that the Transaction would be likely to result in a lessening of competition. In dismissing these arguments, the Tribunal concluded:

More importantly for the sake of this analysis, the Tribunal takes the view that the merger will not lead to any material lessening of competition in the consumer wagering market. In this respect, no detriment to the public is likely to arise. In fact, as we have indicated, the opposite is the case.

(c) Other markets

In respect of other markets, the Tribunal also considered potential competitive detriments and concluded that:

- the Transaction will not lead to any material lessening of competition in the delivery of racing media services or the bidding for racing media rights;
- on condition that Tabcorp divest its Odyssey Gaming Business, no material competitive detriment is likely to arise in the provision of gaming services; and
- no competitive detriments result in the provision of lottery and Keno services because there is no material overlap in the products supplied by Tabcorp and Tatts.

In its overall conclusions on detriments, the Tribunal rejected contentions of the ACCC and interveners that there is likely to be an anti-competitive detriment.

The Tribunal noted that the objections to the Transaction raised by the ACCC and the interveners become immaterial once it is appreciated that there are no material detriments, and that the proposed merger is likely to encourage competition in the way the Tribunal explained.

10.5 RISK OF FURTHER JUDICIAL REVIEW APPLICATIONS OR APPEALS

A third party with standing could seek judicial review of the Tribunal's decisions to grant the new authorisations by making an application to the Full Court of the Federal Court under the ADJR Act by 20 December 2017.

Any application for judicial review made under the ADJR Act must be on the basis that the Tribunal's new determinations were affected by an error of law. An appeal on the merits of the decisions is not permitted. As at the date of this Supplementary Scheme Booklet, no third party has indicated if they intend to make any such application.

If a judicial review application is made, the authorisations will stand pending the outcome of the Full Court's hearing. There are three main possibilities in the event that a judicial review application is filed and determined by the Full Court:

- the Full Court may dismiss the application for review, in which case the authorisation will stand; or
- if the Scheme has not been Implemented and the Transaction has not occurred, the Full Court may order that the authorisations are set aside, and the matter be remitted again to the Tribunal to re-make its decision according to law. If the matter were remitted to the Tribunal in that event, that could lead to the Tribunal either granting an authorisation or refusing to grant the authorisation. The doubts previously expressed over the jurisdiction of the Tribunal to rehear the matter, if remitted by the Full Court (referred to in Section 10.3 above) may mean that a fresh application might need to be filed, for the reasons discussed above; or
- if the Scheme has been Implemented and the Transaction completed, the Full Court may order that the authorisations are set aside. In that event, it would not be possible for the matter to be reconsidered by the Tribunal (because an authorisation may not be granted in respect of a completed merger transaction).

A party which unsuccessfully sought to have the authorisation set aside by the Full Court could apply at that point for special leave from the High Court of Australia to apply to that Court to overturn the decision of the Full Court and seek to have the authorisation overturned in that way. The High Court would only consider the matter if it granted special leave to appeal. There is no right to have the application to overturn the authorisation heard by the High Court. Special leave applications are granted in only a small proportion of cases. If a special leave application did succeed, the applicant for special leave would then need to successfully appeal to the High Court in order for the Full Court's decision to be overturned. The same three main possibilities as described above in relation to the Full Court, apply in the event that the High Court did grant special leave and considered the appeal.

It is uncertain how long it would take for any further judicial review application and subsequent special leave and appeal proceeding (if any) to be resolved, but it is unlikely that these would be resolved until well into 2018. In this regard, the terms of the Merger Implementation Deed give each party a right to terminate the Transaction if the Conditions Precedent (including Court approval of the Scheme) are not satisfied or (where permitted) waived by the End Date (31 December 2017).

Given the Tribunal's findings, in large part, resulted from it rejecting factual and economic propositions submitted by ACCC, CrownBet and Racing.com, Tatts and Tabcorp consider that it is unlikely that the Full Court or the High Court would set aside the authorisations as a result of any legal error.

If the Transaction were Implemented and authorisation was subsequently set aside by the Full Court or the High Court, Tabcorp and Tatts do not consider that the Transaction or Implementation of the Scheme would be unlawful. There is no legal requirement to seek authorisation.

10.6 COMPETITION RISK IF AUTHORISATION SET ASIDE

Authorisation provides immunity from any allegation of a breach of section 50 of the CCA. If there were no authorisation, a person (including the ACCC, CrownBet, Racing.com or the Victorian Racing Interveners) who claimed that the Transaction was unlawful (because it contravened section 50) could commence proceedings to try to establish that the Transaction contravened section 50 of the CCA. These proceedings would have to be brought in the Federal Court.

Section 50 prohibits transactions that have the effect or would be likely to have the effect of "substantially lessening competition" in a relevant market. This is different from the legal test considered by the Tribunal. The ACCC did not submit before the Tribunal that the Transaction would "substantially lessen" competition but rather that there would be "some" lessening of competition in certain markets. The Tribunal rejected these submissions and found that there was no material or non-trivial lessening of competition, but rather that the likely result was an increased amount of competition.

CrownBet on the other hand did contend that the Transaction would be likely to substantially lessen competition. As noted above, the Tribunal rejected all of those contentions.

The Combined Group would oppose any proceedings that the Transaction would contravene section 50 of the CCA and, on the evidence available at the present time, and having regard to the findings of the Tribunal, including that the merger will increase rather than reduce competition in the consumer wagering market, Tabcorp and Tatts consider that the risk of a breach of section 50 of the CCA being found in any such proceedings is low. The Tribunal's findings on competition, while made under the authorisation test and not under section 50, are consistent with Tabcorp and Tatt's view.

If the Transaction were completed and found to breach section 50, a person bringing the section 50 proceedings may also seek various orders, including that the Combined Group divest the Tatts Shares or Tatts' business acquired from Tatts Shareholders. In the event that a person in those circumstances applied for an order requiring the Combined Group to divest the Tatts business or Shares it had acquired, the Court would consider whether this is an appropriate and necessary remedy in light of the nature of any contravention of section 50.

It would be open to the Court to:

- decline to make any orders;
- order the Combined Group to divest all the Tatts business or Shares it acquired; or
- accept an undertaking from the Combined Group including an undertaking to divest only those assets necessary to address the contravention of section 50 (which would more likely require only the divestment of the Tatts wagering business, not its lotteries business or a gaming services business).

A person commencing section 50 proceedings could also seek other orders from the Court if the Court found a contravention of section 50. If proceedings were commenced, the applicant could seek damages for a loss suffered as a result of the contravention or other orders to compensate for such loss. Further, the applicant could seek orders that the merger be declared void. Given that the authorisation would be in place at the time of any merger, providing immunity from section 50 of the CCA, and considering the Tribunal's findings, Tabcorp and Tatts consider that the risk of pecuniary penalties, damages or a declaration that the merger is void is low.

While the CCA allows a party to seek damages or other compensatory orders from other persons who were involved in the assumed contravention, Tabcorp and Tatts consider that the risk that damages could be sought from any other persons is low because it is unlikely that a Court would find that those parties were involved in any assumed contravention since authorisation will have been in place at the relevant time.

The exact remedy would depend on the precise anti-competitive element found by the Federal Court. The primary concern of the Court would be to remedy any detriment to competition. The most likely remedy is that the Court would require the Combined Group to divest the specific assets that gave rise

to the section 50 competition concern. The Combined Group would also have rights of appeal against any such order.

In the event of a divestment order or undertaking being required, there is a risk that current Tatts Shareholders who still held shares in the Combined Group at that time would also face the risk of an adverse effect on the value of their Combined Group shares on account of the divestment.

The magnitude of the risk of a loss of value due to a divestment is uncertain and would depend on the costs incurred and any loss suffered by the Combined Group in making the required divestment.

The risk of an adverse effect on value would also arise because a divestment of the Tatts wagering business may make it impossible for the Combined Group to obtain the benefit of all or a substantial portion of the synergies that have been identified from the Transaction, as these synergies assume that Tabcorp will be able to integrate the Tatts wagering business with its own.

Whilst Tabcorp and Tatts both consider that the risk of an order for divestment being made against the Combined Group is low, Tatts Shareholders should assume that the Waiver will be given if the ACCC Confirmation is given, and consider the risks set out in Sections 10.5 and 10.6 as part of their decision whether or not to vote in favour of the Scheme. The Boards of both Tatts and Tabcorp have carefully considered the magnitude of the risks of any judicial review application (if filed) leading to a materially adverse outcome for the Combined Group, and do not consider these risks to be material in the context of the significant potential benefits and advantages of the Scheme.

10.7 COURT APPROVAL

To be effective, the Scheme must be approved by the Court after it has been approved by the Requisite Majorities of Tatts Shareholders. The primary role of the Court is to ensure that the statutory procedural requirements have been satisfied and that the Scheme is at least so fair and reasonable that a properly informed shareholder acting in his or her interests might approve it. The Court will not superimpose its assessment of the commercial merits of the Scheme, as that is a question for the Tatts Shareholders to consider. However, approval of the Scheme is at the Court's discretion, and the Court may not approve the Scheme, either at all or in the form proposed, or the Court's approval may be deferred.

In considering the Scheme, the Court may have regard to various factors it thinks appropriate, including the level of support by shareholders, the directors' recommendation, the independent expert's opinion, the disclosures made to shareholders and the risk of the Scheme being unlawful or against public policy.

Any unresolved application for judicial review of the authorisation (or any other appeal), or the possibility that such an application or appeal may be filed, could be a matter considered by the Court at the time of determining approval of the Scheme. The Court could also have regard to the matters disclosed in this Supplementary Scheme Booklet, including:

- the Tribunal's decisions to grant authorisation, as described in Sections 10.1 to 10.4 above; and
- any or all of the matters referred to in Sections 10.5 and 10.6 above.

On 28 November 2017, the Court approved dispatch of this Supplementary Scheme Booklet to Tatts Shareholders, however that does not mean that the Court has:

- formed any view as to the merits of the Scheme nor as to how Tatts Shareholders should vote (on this matter they must reach their own conclusion);
- prepared, or is responsible for, the content of this Supplementary Scheme Booklet; or
- approved or will approve the terms of the Scheme.

11. Additional information

11.1 SCHEME MEETING

The Scheme Meeting will be held on Tuesday 12 December 2017 at 3.00pm (Brisbane time) at the Brisbane Convention & Exhibition Centre, corner Merivale & Glenelg St, South Bank, Queensland.

The Scheme Resolution to be considered at the Scheme Meeting is set out in the Notice of Scheme Meeting which is Annexure E to the Scheme Booklet.

11.2 VOTING DETAILS

The Tatts Board reminds Tatts Shareholders that every vote is important and encourages you to read this Supplementary Scheme Booklet together with the Scheme Booklet carefully and to cast an informed vote on the Scheme.

You should read the Scheme Booklet (including this Supplementary Scheme Booklet) in full before deciding how to vote on the Scheme.

You may vote in person, by attorney, by proxy, or in the case of corporate shareholders, by a duly appointed corporate representative. Full details on how to vote are set out in Section 9 on page 34 of the Scheme Booklet.

A Proxy Form is enclosed with this Supplementary Scheme Booklet.

If you have not yet lodged a Proxy Form

You can attend the Scheme Meeting on 12 December 2017 to vote in person.

If you are unable to attend the Scheme Meeting, Tatts encourages you to appoint a proxy to vote on your behalf by completing the Proxy Form that accompanied the Scheme Booklet. The Scheme Booklet was mailed to you on Monday, 18 September 2017. You can also obtain a copy of a Proxy Form by calling the Tatts Shareholder Information Line.

Your Proxy Form can be lodged:

- **online** at www.investorvote.com.au;
- by **mail** to Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria 3001 Australia; or
- by **facsimile** to 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

In order for your Proxy Form to be effective, it must now be received before 3.00pm (Brisbane time) on Monday 11 December 2017.

If you have already lodged a Proxy Form

Proxy Forms that have been validly submitted (whether lodged online or by mail, fax or hand) will remain valid for the Scheme Meeting. If you have already submitted a Proxy Form and:

- **you do not** wish to change your instructions, you do not need to take any further action; or
- **you wish to change** your instructions, you can do so by completing a replacement Proxy Form and submitting that form in the same manner as your original form. In order for your Proxy Form to be effective, it must now be received before 3.00pm (Brisbane time) on 11 December 2017.

If you require a replacement Proxy Form, please call the Tatts Shareholder Information Line on 1300 648 141 (callers within Australia) or +61 3 9415 4127 (callers outside Australia) on business days between 8.30am and 5.30pm (AEDT).

11.3 TATTS EQUITY SWAP

In Section 13.4(L) of the Scheme Booklet, it was noted that the Tatts equity swap under which Tabcorp has a relevant interest in 146,705,096 (or 9.99%) of Tatts Shares, was scheduled to terminate on 21 November 2017 or such earlier date as agreed with UBS AG or pursuant to voluntary termination. Tabcorp and UBS AG have agreed to extend the Tatts equity swap, such that it will now terminate on 31 March 2018 (or such earlier date as agreed with UBS AG or pursuant to voluntary termination) which will provide Tabcorp with further time to manage the unwind of the equity swap following Implementation. Further information in relation to the Tatts Equity Swap is contained in Sections 11.13(B), 12.3(H) and 13.4(L) of the Scheme Booklet.

11.4 ACQUISITION ACCOUNTING

Based on a Tabcorp share price of \$4.84 (being the closing price on 24 November 2017) the implied value of the share consideration is \$5,688 million which compares to \$4,759 million based on the Tabcorp share price of \$4.05 (being the closing price on 5 September 2017) which was disclosed in the Scheme Booklet. As a result of the changes in the Tabcorp share price, the implied value of the Scheme Consideration is likely to change between the date of this Supplementary Scheme Booklet, the date of the Scheme Meeting and the Implementation Date.

Based on a Tabcorp share price of \$4.84, in accordance with acquisition accounting principles set out in AASB 3 (representing provisional accounting as noted below), this would result in the recognition of goodwill of \$3,555 million as opposed to \$2,426 million (based upon the closing price on 5 September 2017 of \$4.05).

AASB 3 requires all identifiable assets (including intangible assets and deferred tax balances) and liabilities that meet certain recognition criteria to be recognised, the excess of the cost of the acquisition over and above the net fair value of the identifiable assets and liabilities is to be recognised as goodwill. The acquirer is allowed a period of 12 months from the acquisition date to finalise the identification and valuation process and any resultant accounting adjustments. Tabcorp has not finalised the identification and valuation of Tatts' assets and liabilities, with finalisation to take place after Implementation.

Additional amortisation relating to identified intangible assets may arise as a result of the Transaction and the finalisation of the accounting for the Transaction. The quantum of this will depend on the incremental value allocated, and the useful lives ascribed, to the identifiable intangible assets as part of the final purchase price allocation. For illustrative purposes, for every \$200 million increase in value ascribed to identifiable intangibles with an assumed average useful life of 20 years, annual pro-forma Combined Group EBIT would decrease by \$10 million.

Please refer to Section 12.5G(1) of the Scheme Booklet for further information.

11.5 NO OTHER MATERIAL INFORMATION

Except as set out in the Scheme Booklet, this Supplementary Scheme Booklet and each of the ASX announcements released by Tatts since the date of the Scheme Booklet (8 September 2017), there is no other information material to the making of a decision in relation to the Scheme, being information that is within the knowledge of any Tatts Director, or any director of any Related Body Corporate of Tatts, which has not previously been disclosed to Tatts Shareholders.

11.6 CONSENT

Grant Samuel & Associates Pty Limited has given and has not, before the date of this Supplementary Scheme Booklet, withdrawn its written consent to be named as the Independent Expert in this Supplementary Scheme Booklet and to the inclusion of statements in this Supplementary Scheme Booklet said to be based on statements made by it, in each case in the form and context in which they appear.

11.7 DEFINITIONS

Unless otherwise defined in this Supplementary Scheme Booklet, capitalised terms have the meanings given to those terms in section 17 of the Scheme Booklet.

Annexure A

**Tatts trading performance for first
quarter of FY18**

OPERATING PERFORMANCE GROUP OVERVIEW

On announcing its full year results in August 2017, Tatts reported a 25% increase in continuing operations net profit after tax for the month of July 2017 compared to the prior corresponding period (**pcp**). Pleasingly that strong start to the year continued through to 30 September 2017, with Tatts first quarter producing a 14.8% increase (vs pcp) in continuing operations NPAT.

Group revenues for the first quarter were up 6.8% to \$743.1 million, benefiting primarily from strong lotteries jackpot performance, whilst expenses (before merger costs) were well controlled. These factors in combination saw Tatts deliver an impressive 9.6% lift in EBITDA to \$128.2 million, and a 14.8% increase in continuing operations NPAT to \$67.2 million. Of particular note was the Group's continuing success with its digital initiatives, delivering significant growth in digital sales across both lotteries and wagering.

LOTTERIES -THE LOTT

Lotteries revenue was up 8.8% in the quarter vs pcp - with all three of Tatts' major draw games (Saturday Lotto, Powerball and Oz Lotto) showing strong revenue growth. Tatts achieved strong digital lotteries sales growth, up 29.6%, with digital sales now representing 16.4% of total lotteries sales².

This strong performance was underwritten by eight jackpots in the quarter at or above the influential \$15 million mark. Whilst this was the same number achieved in the first quarter last year, Tatts' average first division jackpot pool value was \$32.5 million, significantly outperforming the average a year ago (\$25.0 million) reflecting two jackpots reaching the \$50 million mark (compared to none in the pcp). The lift in Tatts' operating leverage was a feature of the quarterly result and once again highlights Tatts' lotteries operation's relatively fixed cost base in strong jackpot cycles.

WAGERING - UBET

Tatts' wagering operation achieved a 1.8% lift in turnover however this was offset by a slightly softer blended win rate at 15.3% (vs 15.6% in the pcp), which in combination generated a stable revenue outcome for the quarter. Performance from Tatts' digital sales channel continued to show strong growth, up 15.8%, with total digital turnover now representing 34.3% of all turnover (pcp: 30.5%).

Fixed price turnover continued to grow strongly, with racing turnover up 10.8% and sports turnover up 10.3% vs pcp. This was offset by the long running migration of win/place betting from the tote, which saw tote turnover decline 6.7% in the quarter vs pcp.

GAMING - MAX AND MAXTECH

Revenue from MAX, Tatts' gaming services business was up 4.7% on pcp, benefiting from a monitoring price increase in New South Wales and sales growth in Tatts' value-adding products and services.

MAXtech (the Group's technical support services division), continued to show pleasing growth following its restructure and exiting unprofitable contracts in the prior year with revenues increasing 5.3% on pcp.

² Consistent with prior years this excludes South Australia

Annexure B

**Tabcorp trading performance for first
quarter of FY18**

On 27 October 2017, Tabcorp provided to ASX the following trading update for the first quarter of the 2018 financial year.

Tabcorp's reported group revenues for the three months to 30 September 2017 were \$578.8 million, up 5.7% on the prior corresponding period (pcp).

Revenue	1Q18 (\$m)	1Q17 (\$m)	Change on pcp
Wagering & Media	481.5	460.9	4.5%
Gaming Services	41.4	28.0	47.8%
Keno	54.8	57.9	(5.3%)
Sun Bets	1.1	1.0	5.3%
Group Revenue	578.8	547.8	5.7%

Notes: Unaudited. Wagering revenue excludes the Victorian Racing Industry's (VRI) interest in the Tabcorp Group/VRI Joint Venture.

Tabcorp reviewed its cost base during the first quarter of FY2018. Tabcorp expects an operating expense (opex) to revenue ratio of approximately 23% in 1H18, and is targeting an opex to revenue ratio of approximately 22.5% for the full year (both excluding Sun Bets).

Tabcorp's FY18 dividend policy is to target a payout ratio of 90% of Net Profit After Tax (NPAT) before significant items, amortisation of the Victorian Wagering and Betting Licence and Sun Bets.

WAGERING & MEDIA

Tabcorp's Wagering & Media revenues were \$481.5 million, up 4.5% on the pcp. Tabcorp's previously announced strategic review of its Luxbet business continued during the quarter with an outcome expected to be announced in the coming months. Excluding Luxbet, Wagering & Media revenues were up 5.7% on the pcp. Total fixed odds yields for 1Q18 were 16.2% up from 15.4% in the pcp.

Revenues by Product	1Q18 (\$m)	1Q17 (\$m)	Change on pcp
TAB Racing			
- Totalisator	258.9	267.0	(3.0%)
- Fixed Odds	171.1	137.1	24.8%
Total TAB Racing	430.0	404.1	6.4%
TAB Sports	66.6	60.7	9.7%
Trackside	20.8	22.0	(5.4%)
Media	44.2	43.6	1.4%

Notes: Victorian revenue includes the VRI's interest in the Tabcorp Group/VRI Joint Venture.

Tabcorp's total Wagering turnover for 1Q18 was \$3,169.2 million, up 3.5% on the pcp. Total TAB turnover (which excludes Luxbet) was \$3,030.1 million, up 4.5% on the pcp. The digital channel continues to see double digit growth with turnover of \$1,133.3 million, up 17.0% on the pcp. Turnover in the retail channel was \$1,550.6 million, down 1.1% on the pcp.

Turnover by Distribution	1Q18 (\$m)	1Q17 (\$m)	Change on pcp
Retail	1,550.6	1,567.2	(1.1%)
Digital	1,133.3	968.4	17.0%
Call Centre	102.0	119.3	(14.5%)
Other	244.2	245.1	(0.4%)

Notes: Victorian turnover includes the VRI's interest in the Tabcorp Group/VRI Joint Venture. Other includes OnCourse, Premium Customers and PGI.

During 1Q18, Tabcorp's Wagering & Media variable contribution growth was lower than revenue growth largely as a result of expenses that were not in the pcp. These expenses reflect the impact of new arrangements with venues, including the introduction of digital commissions, and higher payments to the racing industry (increased race fields fees and digital broadcast rights fees).

SUN BETS

The trading of Sun Bets remained challenged in 1Q18 with revenue of \$1.1 million, up 5.3% on the pcp, noting the business was launched in August 2016. This performance was below Tabcorp's expectations. While yet to gain traction, a number of new product and customer initiatives were introduced including improved integration of Dream Team, enhancements to the sportsbook and casino offerings and implementation of revised marketing and CRM strategies. Sun Bets' performance remains under review (for further detail, refer to Section 13.3(H) of the Scheme Booklet).

GAMING SERVICES

Tabcorp's Gaming Services revenue was \$41.4 million, up 47.8% on the pcp, driven by the acquisition of Intecq and benefits from Tabcorp Gaming Services expansion which were not included in the pcp. Gaming Services revenue growth excluding Intecq was up 8.3% on the pcp.

KENO

Tabcorp's Keno revenue was \$54.8 million, down 5.3% on the pcp, with performance impacted by a strong jackpot sequence in the pcp.

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