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19 August 2020

ASX Market Announcements
Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000

Tabcorp announces Entitlement Offer and Revised Capital Management Targets

Tabcorp Holdings Limited (**Tabcorp**) has today announced an underwritten pro-rata accelerated renounceable entitlement offer with retail trading rights to raise approximately \$600 million in new equity (Entitlement Offer). As a result of the Entitlement Offer, Tabcorp's shares have been placed in a trading halt pending the completion of the institutional component of the Entitlement Offer outlined below.

Tabcorp has also today announced revised capital management targets, including a reduction in its target gearing range to 2.5-3.0x Gross Debt / EBITDA (from 3.0-3.5x previously) as well as a reduction in its target dividend payout ratio to 70-80% of NPAT (before significant items)¹ on the resumption of dividends (with no final dividend for FY20 as previously announced on 19 May 2020).

Tabcorp's Managing Director and CEO, David Attenborough said "The continued significant uncertainty regarding the severity and duration of the COVID-19 impact has led Tabcorp to reconsider its previous capital management targets in order to improve its credit metrics and conserve more capital over time.

The Entitlement Offer proceeds will be used to pay down existing drawn bank debt facilities and support the move towards the revised target gearing range. This is expected to strengthen Tabcorp's balance sheet, provide greater financial flexibility in uncertain times, and provide additional credit metric headroom for covenant and rating purposes.

These measures demonstrate Tabcorp's commitment to retain its investment grade credit rating.

We remain confident that the strength and resilience of Tabcorp's diversified portfolio of businesses will allow Tabcorp to manage current market challenges and we continue to focus on executing strategies to create value for shareholders."

Following the completion of the Entitlement Offer, as at 30 June 2020 Tabcorp will have pro forma Gross Debt / EBITDA of 3.2x (reduced from 3.8x)^{2,3} and approximately \$1,496 million of pro forma undrawn bank facilities.³

¹ NPAT under Tabcorp's revised target dividend payout ratio will no longer be adjusted for the Victorian wagering and betting licence and Purchase Price Accounting, as it was historically
² Gross Debt represents interest bearing liabilities adjusted for USPP debt at the A\$ principal repayment under cross currency swaps and includes lease liability of \$353 million. Gross debt / EBITDA calculated on FY20 EBITDA of \$995 million
³ Pro forma Gross Debt and pro forma undrawn facilities are adjusted for the planned use of proceeds under the Entitlement Offer

Tabcorp Holdings Limited	Level 21, Tower 2 727 Collins Street Melbourne VIC 3008	GPO Box 1943 Melbourne VIC 3001	tabcorp.com.au ABN 66 063 780 709
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Tabcorp intends to further reduce its gearing towards the revised target range of 2.5-3.0x over time.

Tabcorp has previously announced the support of lenders in the form of additional debt facilities⁴ and debt covenant relief for the 30 June 2020 and 31 December 2020 tests.⁵

Entitlement Offer

The Entitlement Offer is an underwritten pro-rata accelerated renounceable entitlement offer with retail rights trading under which eligible shareholders will be entitled to subscribe for 1 new Tabcorp share (**New Share**) for every 11 shares held on the Record Date, at a price of \$3.25 per New Share (**Offer Price**).

The Offer Price represents:

- 10.6% discount to the theoretical ex-rights price (**TERP**)⁶ of \$3.64
- 11.4% discount to Tabcorp's closing price of \$3.67 on the ASX on Tuesday, 18 August 2020

Approximately 185 million New Shares will be issued under the Entitlement Offer (9.1% of the existing issued capital). New Shares issued will rank equally with existing ordinary shares from their time of issue.

The Entitlement Offer will raise approximately \$600 million and comprise:

- An **Institutional Entitlement Offer**: Eligible institutional shareholders will be invited to subscribe for a pro-rata number of New Shares. The Institutional Entitlement Offer will open today, Wednesday 19 August 2020 and closes on Thursday, 20 August 2020. Institutional entitlements not taken-up, along with entitlements of ineligible institutional shareholders, will be sold under an institutional shortfall bookbuild and any proceeds in excess of the Offer Price (net of any withholding tax) will be paid to the relevant shareholders.
- A **Retail Entitlement Offer**: Eligible retail shareholders in Australia and New Zealand will be invited to subscribe for a pro-rata number of New Shares. Eligible retail shareholders who wish to apply to participate in the Retail Entitlement Offer must do so by 5.00pm (AEST) on Thursday, 10 September 2020. Eligible retail shareholders may also sell their entitlements on the ASX, with trading to commence on Monday, 24 August 2020 and conclude on Thursday, 3 September 2020. Entitlements not taken up, along with entitlements of ineligible retail shareholders, will be sold under a retail shortfall bookbuild and any proceeds in excess of the Offer Price (net of any withholding tax) will be paid to the relevant shareholders.

Eligible retail shareholders should carefully read the retail offer booklet and accompanying personalised Entitlement and Acceptance Form which are expected to be despatched on Friday, 28 August 2020 and which will be made available on the ASX and Tabcorp websites (subject to eligibility requirements) on that date (**Retail Offer Booklet**). Any Eligible Retail Shareholder who wishes to acquire New Shares under the Retail Entitlement Offer should review the Retail Offer Booklet and will then need to complete, or otherwise apply in accordance with, the personalised Entitlement and Acceptance Form that will accompany the Retail Offer Booklet.

⁴ As announced to ASX on 7 April 2020

⁵ As announced to ASX on 19 May 2020 (bank lenders) and 4 June 2020 (US Private Placement lenders)

⁶ TERP is the theoretical price at which Tabcorp shares may trade immediately after the ex date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Tabcorp shares trade on the ASX immediately after the ex date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to the closing price of the Tabcorp share price as traded on ASX on Tuesday, 18 August 2020 being the last trading day prior to the announcement of the Entitlement Offer

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Retail shareholders who have questions regarding the Retail Entitlement Offer should read the Retail Offer Booklet in full and if they require further information, call the Tabcorp Offer Information Line, on 1300 665 661 (within Australia) or +61 1300 665 661 (outside Australia) at any time from 8.00am to 7.30pm (AEST) Monday to Friday during the offer period between Friday, 28 August 2020 and Thursday, 10 September or go to Tabcorp's website.

The Tabcorp Directors intend to participate and take up their full Entitlement.

Tabcorp expects to announce the outcome of the Institutional Entitlement Offer to the market prior to the commencement of trading on Monday, 24 August 2020 and will remain in trading halt until this time.

UBS AG, Australia Branch is acting as lead manager and underwriter to the Entitlement Offer.

Key dates

Event	Date (2020)
Trading halt and announcement of Offer, Institutional Entitlement Offer Opens	Wednesday, 19 August
Institutional Entitlement Offer closes ⁷	Thursday, 20 August
Institutional Entitlement Offer shortfall bookbuild closes	Friday, 21 August
Announce results of Institutional Entitlement Offer	Monday, 24 August
Trading halt is lifted and Tabcorp shares recommence trading on an "ex-entitlement" basis	Monday, 24 August
Record date for the Entitlement Offer (7:00pm AEST)	Monday, 24 August
Retail rights commence trading on the ASX	Monday, 24 August
Retail Entitlement Offer opens and Retail Entitlement Offer Booklet despatched	Friday, 28 August
Settlement of New Shares issues under the Institutional Entitlement Offer	Friday, 28 August
Allotment and normal trading of New Shares issued under the Institutional Entitlement Offer	Monday, 31 August
Close of retail rights trading on the ASX	Thursday, 3 September
Retail Entitlement Offer closes (5:00pm AEST)	Thursday, 10 September
Announce results of Retail Entitlement Offer	Tuesday, 15 September
Retail Entitlement Offer shortfall bookbuild	Tuesday, 15 September
Announce results of Retail shortfall bookbuild	Wednesday, 16 September
Settlement of Retail Entitlement Offer	Friday, 18 September
Allotment of New Shares issued under the Retail Entitlement Offer	Monday, 21 September
Normal trading of New Shares issued under the Retail Entitlement Offer	Tuesday, 22 September
Despatch of holding statements in respect of New Shares issued under the Retail Entitlement Offer	Wednesday, 23 September

All dates and times are indicative and subject to change without notice; AEST refers to Australian Eastern Standard Time. Tabcorp reserves the right to amend the timetable, to extend the closing date for the Retail Entitlement Offer, to withdraw the Entitlement Offer at any time prior to the issue of New Shares and/or to accept late applications either generally or in specific cases.

⁷ Institutional Entitlement Offer for Australian, New Zealand and Asian investors closes Wednesday, 19 August 2020. For all other regions the offer closes on Thursday, 20 August 2020

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Additional information:

Further details of the Entitlement Offer are set out in the Entitlement Offer and Revised Capital Management Targets Investor Presentation also provided to the ASX today (**Investor Presentation**). The Investor Presentation contains important information including key risks and foreign selling restrictions with respect to the Entitlement Offer. Further detail regarding Tabcorp's results for the year ended 30 June 2020 are set out in the Full Year Results Presentation and Full Year Results Announcement also announced today.

If you have any questions in respect of the Retail Entitlement Offer please call the Tabcorp Offer Information Line on 1300 665 661 (within Australia) or +61 1300 665 661 (outside Australia) at any time from 8.00am to 7.30pm (AEST) Monday to Friday. For other questions, you should consult your broker, solicitor, accountant, financial adviser, or other professional adviser.

This announcement was authorised for release by the Tabcorp Board.

For more information:

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IMPORTANT NOTICES

Not for release or distribution in the United States

This announcement has been prepared for publication in Australia and may not be released or distributed in the United States. This announcement does not constitute an offer to sell, or the solicitation of any offer to buy securities in the United States. Neither the entitlements nor the New Shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the U.S. Securities Act) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the entitlements may not be taken up or exercised by, and the New Shares may not be offered or sold to, directly or indirectly, to, persons in the United States or persons that are acting for the account or benefit of persons in the United States (to the extent such persons are acting for the account or benefit of persons in the United States), except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws of any state or other jurisdiction of the United States.

Future performance and forward-looking statements

This announcement contains certain "forward-looking statements". The words "expect", "anticipate", "estimate", "intend", "believe", "guidance", "should", "could", "may", "will", "predict", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies that are subject to change without notice and involve known and unknown risks and uncertainties and other factors that are beyond the control of Tabcorp, its directors and management. This includes statements about market and industry trends, which are based on interpretations of current market conditions.

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You are strongly cautioned not to place undue reliance on forward-looking statements, including in respect of Tabcorp's FY21 financial outlook, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the COVID-19 pandemic.

Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumptions on which these statements are based. These statements may assume the success of Tabcorp's business strategies. The success of any of those strategies will be realised in the period for which the forward-looking statement may have been prepared or otherwise. Except as required by law or regulation, none of Tabcorp, its representatives or advisers assumes any obligation to update these forward-looking statements. No representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this announcement. The forward-looking statements are based on information available to Tabcorp as at the date of this announcement. Except as required by law or regulation (including the ASX Listing Rules), none of Tabcorp, its representatives or advisers undertakes any obligation to provide any additional or updated information whether as a result of a change in expectations or assumptions, new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements.

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