



THE STAR

ASX Announcement

10 May 2021

NON-BINDING INDICATIVE PROPOSAL TO MERGE WITH CROWN

The Star Entertainment Group Limited (ASX code: SGR) (**The Star**) has today announced that it has submitted a conditional, non-binding, indicative proposal to merge with Crown Resorts Limited (**Crown**) at a nil-premium share exchange ratio of 2.68 The Star shares per Crown share (**Indicative Proposal**). A copy of the Indicative Proposal is attached to this announcement.

Based on recent trading values of The Star and the substantial value that would be unlocked by a merger, The Star estimates its pro forma share price to be more than \$5 per share implying potential value of the Scrip Consideration in excess of \$14 per Crown share. The Indicative Proposal also includes a cash alternative of \$12.50 per Crown share for up to 25% of Crown's issued share capital (with any scale back to occur on a pro rata basis) (**Cash Alternative**). Crown shareholders that accept the scrip consideration may qualify for capital gains tax rollover relief⁽¹⁾.

The Star believes that a merger with Crown represents a compelling value proposition for all shareholders for the following reasons:

- A merger represents a highly accretive transaction for both The Star and Crown shareholders;
- It would create a national tourism and entertainment leader with a world-class portfolio of integrated resorts with enhanced scale and geographic earnings diversification, significant balance sheet strength and free cashflow generation to accelerate debt repayment, support attractive fully franked dividends and pursue continued investment;
- It is expected to deliver between \$150 million to \$200 million of cost synergies per annum with an estimated net value of \$2 billion;
- It could unlock significant value from a sale and leaseback of the enlarged property portfolio (or via a similar structure and subject to the receipt of necessary regulatory consents);
- It would support an enhanced range of products and experiences for domestic and international guests across the portfolio of integrated resorts; and
- It would provide access to exciting growth opportunities only available through the merger across marketing and events, digital and technology initiatives, investment in online capabilities and optimisation of a combined loyalty program to deliver enhanced value for members.

The Star's Chairman, Mr John O'Neill AO, said that bringing together The Star and Crown would create an estimated \$12 billion ASX-listed national tourism and entertainment leader.

"A merger of The Star and Crown would result in significant scale and diversification and unlock an estimated \$2 billion in net value from synergies. With a portfolio of world-class properties across four States in Australia's most attractive and populated catchment areas and tourism hubs, the combined group would be a compelling investment proposition and one of the largest and most attractive integrated resort operators in the Asia Pacific region."

The Star looks forward to working with Crown to develop the Indicative Proposal, noting it believes it can complete its necessary due diligence and agree binding merger and definitive debt financing documentation over the course of the next eight to twelve weeks. We would seek to engage with a range of investors on a potential sale and leaseback (or similar structure) of the enlarged property portfolio during diligence. Given its existing relationships with governments and regulators and its proven track record of governance and compliance, The Star is confident it is well positioned to obtain the necessary regulatory approvals for the merger. The Star has existing, long held casino operator licences in New South Wales and Queensland.

This announcement should be read in conjunction with the enclosed investor presentation and Indicative Proposal. The Indicative Proposal is subject to a number of conditions including due diligence. No agreement has been reached at this time and there is no certainty that discussions will result in a corporate transaction. The Star will make any decisions in relation to the Indicative Proposal having regard to strict strategic and financial criteria. The Indicative Proposal (and this announcement and any accompanying material) does not constitute a proposal to make a takeover bid for the purposes of Chapter 6 of the *Corporations Act 2001* (Cth). It represents a conditional, incomplete and non-binding proposal which is subject to negotiation.

The Star has appointed Flagstaff Partners and Credit Suisse as financial advisers and King & Wood Mallesons as legal adviser in relation to the Indicative Proposal. The Star is working with Credit Suisse in relation to financing. In this regard, Credit Suisse has provided The Star with a Highly Confident Letter relating to the debt financing, which is appended to the Indicative Proposal, and approved its release.

The Star will be holding a conference call for investors on Monday 10 May 2021 at 10am AEST. Participants can register for the conference call by navigating to <https://s1.c-conf.com/diamondpass/10013993-sod872.html>. Registered participants will receive their dial-in details upon registration.

Authorised by:

The Board of Directors

For more information contact:

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THE STAR
SYDNEY

TREASURY
BRISBANE

THE STAR
GOLD COAST

9 May 2021

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Executive Chairman
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by email: Helen.Coonan@crownresorts.com.au

Copy to:
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8 Exhibition Street
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by email: Kelvin.Barry@ubs.com

**PROPOSAL TO COMBINE THE STAR AND CROWN TO CREATE A
WORLD LEADING INTEGRATED RESORTS OPERATOR**

Dear Ms Coonan

Further to our recent discussions, The Star Entertainment Group Limited (**The Star**) is pleased to provide you with this conditional, non-binding indicative proposal for The Star to merge with Crown Resorts Limited (**Crown**) (**Merger**) to form MergeCo, subject to the conditions outlined in this letter (**Indicative Proposal**). We believe that a combination of The Star and Crown is strategically compelling and would unlock substantial value for all shareholders, including estimated net value from cost synergies of approximately \$2 billion⁽¹⁾ and access to the tangible benefits of being a larger and more diversified company.

1. Overview

For some time, The Star and Crown have shared complementary visions to build world-class gaming and entertainment offerings across Australia and the Asia-Pacific region. The Merger would advance that vision in the interests of our respective shareholders by creating a national tourism and entertainment leader with a larger, more diversified portfolio of integrated resorts with leading strategic positions in key Australian markets. The combination of our highly complementary businesses would support an enhanced range of products and experiences for domestic and international guests across our integrated resorts.

The Merger would allow us to build a stronger, more capable and highly committed team by broadening our employee talent pools, adding management depth and facilitating 'best-of-breed' capabilities and culture across a number of key operational and customer service areas. It would create a larger capital base and a more diverse earnings profile that is less exposed to any single property or region, while at the same time driving enhanced growth prospects.

The value that would be created from combining our businesses is compelling. This has been confirmed by a Big 3 consulting firm (**Consultant**) who conducted a detailed review of The Star's preliminary assessment of potential cost synergies of between \$150 million to \$200 million per annum with an estimated net value of approximately \$2 billion. The Merger is expected to drive additional value from a combination of enhanced balance sheet strength, improved growth outlook and increased market relevance of MergeCo.

Given the substantial value creation that can only be unlocked by a Merger with The Star, as well as the relative size and market rating of our respective businesses, we propose a nil-premium share exchange ratio of 2.68 The Star shares for each share currently held in Crown, which is equivalent to the 3-month volume-weighted average share exchange ratio to 19 March 2021 (**Undisturbed Date**) (**Scrip Consideration**). We estimate the potential value of the Scrip Consideration is more than \$14 per Crown share. Our Indicative Proposal also includes an attractive cash alternative of \$12.50 per Crown share, subject to a cap equal to 25% of Crown's total shares outstanding (any scale back to occur on a pro rata basis) (**Cash Alternative**). Assuming the Cash Alternative is fully taken up, the Indicative Proposal results in pro forma ownership in MergeCo of 59% and 41% for Crown and The Star shareholders respectively.

The Star believes that both parties can complete their necessary due diligence requirements within eight to twelve weeks from signing a mutual confidentiality agreement, assuming the availability of key personnel at Crown. Merger and definitive debt financing documentation would be negotiated concurrently such that we could announce an agreed transaction at the conclusion of due diligence. Regulatory approvals would also be sought in a highly coordinated approach, leveraging The Star's long-term relationships with industry, government and regulators, and its track record of governance and compliance under its existing casino licences in New South Wales and Queensland.

2. A Merger represents a compelling value proposition for Crown and The Star shareholders

2.1. Creation of a national tourism and entertainment leader with a world-class portfolio of integrated resorts, increased scale and geographic diversification

A combination of The Star and Crown would create a world leading integrated resorts company and would be highly attractive to customers and investors on a global scale given our:

- Premium properties in Australia's most attractive catchment areas and tourist hubs of Sydney, Melbourne, Brisbane, the Gold Coast and Perth; and
- Exciting portfolio of greenfield resorts which are almost entirely invested but are not yet fully operational, namely Queen's Wharf Brisbane and Crown Sydney.

2.2. Significant value creation from the Merger driven by scale and diversification, unique synergies, balance sheet strength and an improved growth outlook

Based on recent trading values and the benefits arising from the Merger, The Star estimates the potential value of the Scrip Consideration to be more than \$14 per Crown share. MergeCo would benefit from increased scale and geographical diversification and would have strong free cash flow generation to support accelerated repayment of debt, an attractive fully franked dividend and continued investment. Building on this strong investment proposition there are three key drivers of additional value: (i) material cost synergies between \$150 million to \$200 million per annum expected to arise from the Merger with an estimated net value of approximately \$2 billion; (ii) potential to unlock significant value via a sale and leaseback of an enlarged and more diversified property portfolio; and (iii) access to exciting growth opportunities only available through the Merger.

We believe these features, coupled with potential inclusion in the S&P / ASX 50, would likely lead to a re-rating of MergeCo. MergeCo would also benefit from the resolution of current industry regulatory uncertainty and the recovery from reduced visitation associated with COVID-19. The additional value

created through the Merger could not be accessed by Crown or The Star as standalone companies nor would it be available in full to Crown shareholders if they were to accept a fixed, cash-only offer today. Crown shareholders that accept the Scrip Consideration may also qualify for capital gains tax rollover relief in respect of the Scrip Consideration (subject to the terms of any ATO class ruling).

Material cost synergies between \$150 million to \$200 million per annum expected to arise from the Merger with an estimated net value of approximately \$2 billion: The Star has conducted a preliminary assessment of the cost synergies that would be created from a combination of our businesses and has appointed the Consultant to review this analysis. The Star estimates that a combination with Crown would result in indicative cost synergies of between \$150 million and \$200 million per annum, representing approximately \$2 billion in net value when capitalised at our blended P/E multiple of 18x at the Undisturbed Date, contributing to substantial EPS accretion to Crown shareholders based on market consensus forecasts.

Potential to unlock significant value via a sale and leaseback of an enlarged and more diversified property portfolio: MergeCo would own or have long-term leases to an irreplaceable real estate portfolio with approximately 30ha of land (excluding Queen's Wharf Brisbane) situated in high-traffic precincts across Australia's major cities. The Merger would facilitate a joint exploration of a sale and leaseback (or similar transaction) of our properties in Sydney, Melbourne, the Gold Coast and Perth, with better pricing and terms given the enhanced scale and diversity of the combined property portfolio. This exploration would include pursuing the necessary regulatory consents.

Access to exciting growth opportunities only available through the Merger: Additional growth opportunities available to MergeCo include coordinated investment in marketing and events to supercharge international premium mass when borders reopen, joint development of digital and technology initiatives, investment in online capabilities and optimisation of our combined loyalty programs to improve customer insights and deliver enhanced value for members.

2.3. Strong relationships with industry, governments and regulators, with a proven track record of governance and compliance

We are confident that MergeCo would meet relevant recommendations in the Bergin Report and be better positioned to comply with any recommendations from the Royal Commissions currently underway in Victoria and Western Australia. The Star is well known to regulators with long held casino licences and probity approvals in New South Wales and Queensland at both the corporate and individual level. This should result in reduced regulatory approval risk associated with the Merger (compared to other proposals currently being assessed by Crown) and greater certainty of MergeCo's suitability going forward.

3. Governance

MergeCo would be committed to achieving the highest standards of corporate governance and compliance, ensuring all necessary structures and processes are in place to achieve this. The Board of MergeCo would initially comprise the current directors of each of The Star and Crown. Management at all levels would be determined on a 'best-of-breed' approach and would be charged with building a highly capable, committed and collaborative team to ensure MergeCo delivers on the highest standards of quality and customer service while meeting our regulatory obligations. We welcome the opportunity to collaborate with you to develop a name and identity for the combined entity reflecting its significant scale and global relevance. The location(s) of our headquarters would be subject to any requirements under MergeCo's licensing arrangements.

4. Financing

It is not anticipated that the Merger would be subject to a financing condition. The Star is working with Credit Suisse in relation to financing. In this regard, Credit Suisse has provided The Star with a Highly Confidential Letter relating to the debt financing for the Indicative Proposal, included as **Appendix A**.

5. Regulatory and other approvals

While the Merger would naturally require engagement with, and the approval of, multiple regulators, The Star does not expect material impediments to the implementation of the Merger. We believe the creation of a world-class, more diversified portfolio of integrated resorts that can compete on the international stage, but are owned and managed in Australia, is positive from a regulatory perspective. While the Merger would require clearance from the Australian Competition and Consumer Commission (**ACCC**), we are confident the ACCC would ultimately not oppose the combination.

We expect that The Star and Crown would progress regulatory approvals in a timely manner through highly coordinated engagement with relevant regulatory bodies including (but not limited to):

- The Star and Crown's respective State-based casino regulators;
- ACCC;
- Australian Securities and Investment Commission; and
- The Australian Securities Exchange (**ASX**).

6. Mutual due diligence

The Star intends to work with you and your advisers to implement a transaction that is in the best interests of Crown and The Star shareholders, employees, regulators, and customers. In order to develop a final, binding proposal, both companies would need to complete mutual confirmatory due diligence focusing on accounting, tax, commercial, property, legal and regulatory matters customary for a transaction of this nature and size. We anticipate this would consist of, among other things, management presentations, site visits, online data rooms and clean team information. We would also seek to engage with a range of investors on a potential sale and leaseback (or similar structure) of the enlarged property portfolio during due diligence.

The Star is keen to work with Crown to progress due diligence and Merger documentation with a focus on entering into a binding agreement as quickly as possible. The Star has in place a multidisciplinary team which has reviewed Crown's public disclosures and is ready to commence additional detailed due diligence immediately. Assuming timely access to necessary due diligence materials and availability of key Crown executives, The Star anticipates completing its due diligence and signing binding Merger documentation within eight to twelve weeks.

7. Implementation and conditions

The Star's intention is to implement the Merger by way of a scheme of arrangement voted on by Crown under Part 5.1 of the *Corporations Act 2001* (Cth). We also anticipate that the Merger would need to be approved by an ordinary resolution of The Star's shareholders under ASX Listing Rule 7.1.

The execution of definitive Merger documentation is subject to the following:

- The Star and Crown Boards approve a resolution to enter into binding Merger documentation and recommend that their respective shareholders vote in favour of the Merger (on customary terms);
- Completion of satisfactory due diligence as contemplated in Section 6;
- Discussions with relevant regulatory bodies to the satisfaction of both parties to provide confidence that the pursuit of regulatory approvals (and any conditions attached to those approvals) would not unfavourably affect the timing or nature of the Merger;
- Agreeing Merger documentation containing terms, conditions and deal protections typical for a transaction of this nature; and
- Agreeing with Consolidated Press Holdings Pty Limited (**CPH**) and relevant gaming authorities appropriate undertakings in relation to any CPH shareholding in MergeCo above The Star's shareholder cap of 10%.

The Star anticipates that Merger and definitive debt financing documentation would be negotiated concurrently with due diligence such that, subject to relevant conditions being satisfied and no material issues emerging, Merger documentation can be entered into, and the Merger announced, shortly following the satisfactory completion of due diligence and final approval of the Merger by The Star and Crown Boards.

8. Nature of Indicative Proposal

The Star confirms it has received all necessary internal approvals for the submission of the Indicative Proposal. The Indicative Proposal expresses The Star's current intentions only and is not intended to constitute, and does not constitute, an offer capable of acceptance or otherwise give rise to a binding contract. The Indicative Proposal does not constitute a proposal to make a takeover bid for the purposes of Chapter 6 of the Corporations Act. It represents an incomplete and non-binding proposal which is subject to negotiation. Any legally binding obligations would be subject to, among other things, the execution of definitive Merger documentation and final Board approvals.

To further advance the Indicative Proposal we request that The Star and Crown enter into a mutual confidentiality agreement, a draft of which will be provided to you upon request.

9. Contact Details

The Star has engaged Flagstaff Partners and Credit Suisse as its financial advisers, and King & Wood Mallesons as its legal adviser. Any questions on the Indicative Proposal should be directed to our financial advisers:

Tony Burgess
Chairman, Flagstaff Partners

E: Anthony.Burgess@flagstaffpartners.com

Angelo Scasserra
Co-Head of Investment Banking & Capital
Markets, Credit Suisse Australia
E: Angelo.Scasserra@credit-suisse.com

We believe a combination of The Star and Crown presents a compelling value proposition for our respective shareholders and broader stakeholders. We look forward to discussing our Indicative Proposal with you at your earliest convenience.

Yours sincerely



John O'Neill AO
Chairman
The Star Entertainment Group Limited

Appendix A



Credit Suisse AG, Sydney Branch
ABN 17 061 700 712
Level 31, 1 Macquarie Place
Sydney NSW 2000

9 May 2021

Matt Bekier
Managing Director & CEO
The Star Entertainment Group
Level 3, 60 Union Street
Pyrmont NSW 2009

HIGHLY CONFIDENT LETTER – DEBT FINANCING

STRICTLY PRIVATE AND CONFIDENTIAL – SUBJECT TO CONTRACT

Dear Mr Bekier,

Following our recent discussions, we understand that The Star Entertainment Group Limited, ("**Star**") is considering a possible merger (the "**Merger**") with Crown Resorts Limited (the "**Crown**"). In order to assist Star in the Merger process, we are pleased to provide this letter in respect of the debt facilities that Credit Suisse AG, Sydney Branch and/or its affiliates and/or related bodies corporate ("**Credit Suisse**") may provide (the "**Financing**") as part of the financing that Star will require for the Merger.

Subject to the terms of this letter, Credit Suisse is highly confident of its ability to arrange and underwrite the Financing and we believe the combined business will be very well received by investors, due to its leading market position in key markets, scale and diversified geographic exposure, high quality portfolio of properties and potential synergies.

We have based our view on our review of publicly available information (upon which we have relied and assumed to be complete and accurate in all material respects without any independent verification thereof). In addition, Credit Suisse's ability to arrange and underwrite the Financing is subject to usual conditions for a transaction of this nature, including but not limited to our satisfaction with: (i) the form and content of due diligence (and any sign-offs) relating to the Merger and Financing; (ii) the terms of the Merger (including satisfactory documentation); (iii) receipt of all necessary regulatory approvals; (iv) satisfactory agreement on the terms and conditions (including the final aggregate amount and structure) and documentation for the Financing consistent with market practice and the requirements of any regulatory bodies; (v) in Credit Suisse's opinion, the absence of any material adverse change in your or Crown's condition, business, results, operations or prospects and the absence of any material adverse change having occurred in the relevant financial markets; and (vi) receipt of Credit Suisse internal approvals including without limitation legal, compliance, reputational risk and credit approval.

This letter shall be treated as confidential and is being provided to you solely in connection with the Merger and shall not, without Credit Suisse's prior written consent, be disclosed by you to any person other than Crown, and your or their respective accountants, lawyers and other advisers and then only on a confidential basis (subject to the terms hereof), in connection with the Merger and on condition that no liability or duty of care is incurred in favour of any such person.

Please note that this letter is not a commitment or undertaking to arrange or underwrite the Financing or any other financing of Star and is not, except for your confidentiality obligation referred to above, intended to create legal relations between us or between Credit Suisse and any other person whatsoever. Credit Suisse shall not in any circumstances be liable to any person (including, without limitation, Star, Crown, you or your or their affiliates, related bodies corporate or advisers) if Credit Suisse does not arrange or underwrite the Financing. This letter is being made available on the understanding that neither the Star nor any person to whom this letter is disclosed (in accordance with the paragraph above) intends that Credit Suisse acts or is responsible as a fiduciary to any recipient of this letter, its officers, employees, consultants, agents, security holders, creditors or any other person. Credit Suisse (on behalf of itself and its affiliates and/or related bodies corporate), expressly disclaims any fiduciary relationship.

This letter and any non-contractual obligations arising from it shall be read and construed in accordance with New South Wales law.

If all of the above-mentioned conditions in this letter are satisfied, we look forward to continuing our work with you in progressing this transaction through to a successful completion.

Yours sincerely,

For and on behalf of:

CREDIT SUISSE AG, SYDNEY BRANCH



Adam Roberts-Thomson, Managing Director
Head of APAC Financing Group, Australia
(Authorised Signatory)



Peter Graf, Director
APAC Financing Group, Australia
(Authorised Signatory)



THE STAR

ENTERTAINMENT
GROUP

THE STAR ENTERTAINMENT GROUP

PROPOSAL TO COMBINE THE STAR AND CROWN TO CREATE
A WORLD LEADING INTEGRATED RESORTS OPERATOR

10 MAY
2021

ersonal use only

DISCLAIMER

This document is provided for information purposes only in connection with The Star Entertainment Group Limited's (**The Star**) conditional, non-binding indicative proposal to merge with Crown Resorts Limited (**Crown**) (**Indicative Proposal**). This document, the Indicative Proposal and all other information supplied in connection with it, including oral commentary and answers to questions (together, the **Presentation Information**) is subject to the conditions outlined below. By being disclosed the Presentation Information, you agree to be bound by each of those conditions.

The Presentation Information expresses The Star's current intentions only and is not intended to constitute, and does not constitute, an offer capable of acceptance or to otherwise give rise to a binding contract. The Presentation Information does not constitute a proposal to make a takeover bid for the purposes of Chapter 6 of the Corporations Act. It represents a conditional, incomplete and non-binding proposal which is subject to negotiation. Any legally binding obligations would be subject to, among other things, the execution of definitive legal documentation, satisfactory due diligence and final Board approvals. No agreement has been reached at this time and there is no certainty that a transaction will be agreed.

The Presentation Information is in summary form only and is not, and does not purport to be, comprehensive or contain all information that any recipient or any other person may require or consider material in respect of evaluating or reaching any decision in respect of the Indicative Proposal or the transaction contemplated by it. It is intended to provide general information only.

The information on Crown (and its related entities) and its assets contained in the Presentation Information has been prepared by The Star using publicly available information and has not been independently verified by The Star. Accordingly, neither The Star, nor any of its officers, employees or representatives make any representation or warranty (express or implied) as to the accuracy or completeness of such information.

The Presentation Information may include forward looking statements and references which, by their very nature, involve inherent risks and uncertainties. These risks and uncertainties may be matters beyond The Star's control and could cause actual results to vary (including materially) from those predicted. Forward looking statements are not guarantees of future performance. Past performance information in the Presentation Information is provided for illustration purposes only. It is not indicative of future performance and should not be relied upon as such. Investors should make their own assessments and seek independent professional advice before making investment decisions.

Unless otherwise specified, a reference to dollars, \$ or A\$ in this document is a reference to the currency of Australia.

INVESTMENT HIGHLIGHTS

The Star has proposed a merger with Crown to unlock substantial value for all shareholders. It represents a highly accretive transaction with estimated pro forma value per share above \$5 and \$14 for The Star and Crown respectively

1 Merger to create a national tourism and entertainment leader with a world-class portfolio of integrated resorts

- National footprint of premium properties in Australia's most attractive and populated catchment areas and tourism hubs
- Enhanced range of experiences for domestic and international guests
- 'Best-of-breed' management charged with building a highly capable, committed and collaborative team
- Significant investment has already been made in the world-class Queen's Wharf Brisbane and Crown Sydney developments

2 Significant value driven by scale, diversification, unique synergies, balance sheet strength and improved growth outlook

- The merged entity would benefit from increased scale and diversification, with strong free cashflow generation to accelerate debt repayment, support attractive fully franked dividends and pursue continued investment
- Estimated cost synergies of \$150 million to \$200 million p.a., independently verified with estimated net value of ~\$2 billion⁽¹⁾
- Further upside from a potential sale and leaseback⁽²⁾ of the properties, enhanced growth opportunities and a potential re-rating from an improved investment proposition/relevance

3 Opportunity to unlock significant value from a potential sale and leaseback⁽²⁾ of an enlarged property portfolio

- Irreplaceable real estate portfolio with ~30ha⁽³⁾ of land situated in high-traffic precincts across Australia's major cities
- Material value creation with better pricing and terms given the enhanced scale and diversity of the combined property portfolio

4 Exciting growth opportunities only available through the Merger

- Coordinated investment in marketing and events to drive domestic and international tourism when borders fully re-open
- Joint development in online and digital capabilities
- Optimise the combined loyalty programs to improve customer yields and deliver enhanced value for our members

5 Strong relationships with governments and regulators; The Star has a proven track record of governance and compliance

- The Star is a known quantity with existing probity approvals at the corporate and individual level
- With existing, long-held licences in NSW and QLD, The Star is well positioned to obtain necessary regulatory approvals

Notes: (1) Capitalised at the blended pre-announcement P/E multiple of 18x less estimated transaction & integration costs; (2) Or similar structure and subject to regulatory approvals; (3) Excluding Queen's Wharf Brisbane and Sheraton Grand Mirage.

SUMMARY OF INDICATIVE PROPOSAL

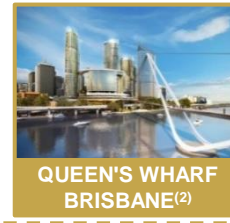
<p>Proposed Transaction Structure</p>	<ul style="list-style-type: none"> ◆ Non-binding Indicative Proposal to merge The Star and Crown (Merger), to be implemented by way of a Crown scheme of arrangement, under which The Star will acquire 100% of the issued share capital of Crown (Scheme)
<p>Proposed Consideration</p>	<ul style="list-style-type: none"> ◆ Crown shareholders to receive 2.68⁽¹⁾ The Star shares per Crown share held (Scrip Consideration) ◆ Crown shareholders that accept the Scrip Consideration may qualify for capital gains tax rollover relief in respect of the Scrip Consideration (subject to the terms of any ATO class ruling) ◆ Cash alternative of \$12.50 per share capped at 25% of Crown's issued share capital (Cash Alternative)⁽²⁾ ◆ Credit Suisse has provided The Star with a Highly Confident Letter for the debt financing of the Merger ◆ The Star and Crown shareholders will own 34% and 66% of the combined entity (MergeCo) respectively, or 41% and 59% if the Cash Alternative is fully taken up
<p>Governance</p>	<ul style="list-style-type: none"> ◆ Board of MergeCo to initially comprise the current directors of The Star and Crown ◆ MergeCo would be committed to achieving the highest standards of corporate governance and compliance as would be expected from a leading publicly listed Australian company, ensuring all necessary structures and process are in place to achieve this
<p>Key regulatory and other approvals</p>	<ul style="list-style-type: none"> ◆ Approval from The Star's and Crown's respective State casino regulators ◆ The Star is confident the ACCC will ultimately not oppose the combination ◆ Approval of The Star's shareholders will also be required for the purposes of ASX Listing Rule 7.1
<p>Next steps</p>	<ul style="list-style-type: none"> ◆ The Star proposes a focused eight to twelve week period of reciprocal due diligence ◆ Agreeing Merger documentation containing terms, conditions and deal protections typical for a transaction of this nature, to be agreed concurrently with due diligence and definitive debt financing documentation ◆ Detailed engagement with State casino regulators will define approval processes and requirements, noting existing licences and probity approvals held by The Star and Crown entities and individuals

Notes: (1) Based on the exchange ratio implied from the 3-month VWAP of The Star and Crown's share price for the undisturbed period from 19 December 2020 to 19 March 2021 (prior to the Blackstone indicative proposal); (2) Any scale-back will occur on a pro-rata basis.

SUBSTANTIAL, HIGH QUALITY NATIONAL FOOTPRINT

1 Irreplaceable national footprint

- 7 key properties in large catchment areas
- Captures a population of ~15m and ~95% of inbound passengers (CY2019)



2 Increased scale and diversity

- World-class gaming offering
- Substantial non-gaming assets
- Diversity of revenue and earnings

3 Premium property portfolio

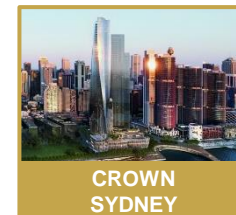
- Cost base of \$7.9bn⁽¹⁾
- Attractive long term casino licences in NSW, QLD, VIC and WA

4 Top-tier entertainment offering, global appeal

- Destinalional integrated resorts
- 'Best of Australia' portfolio to drive tourism

5 Strong growth profile

- Capital efficient investment-led growth
- Partnerships and mixed-use developments



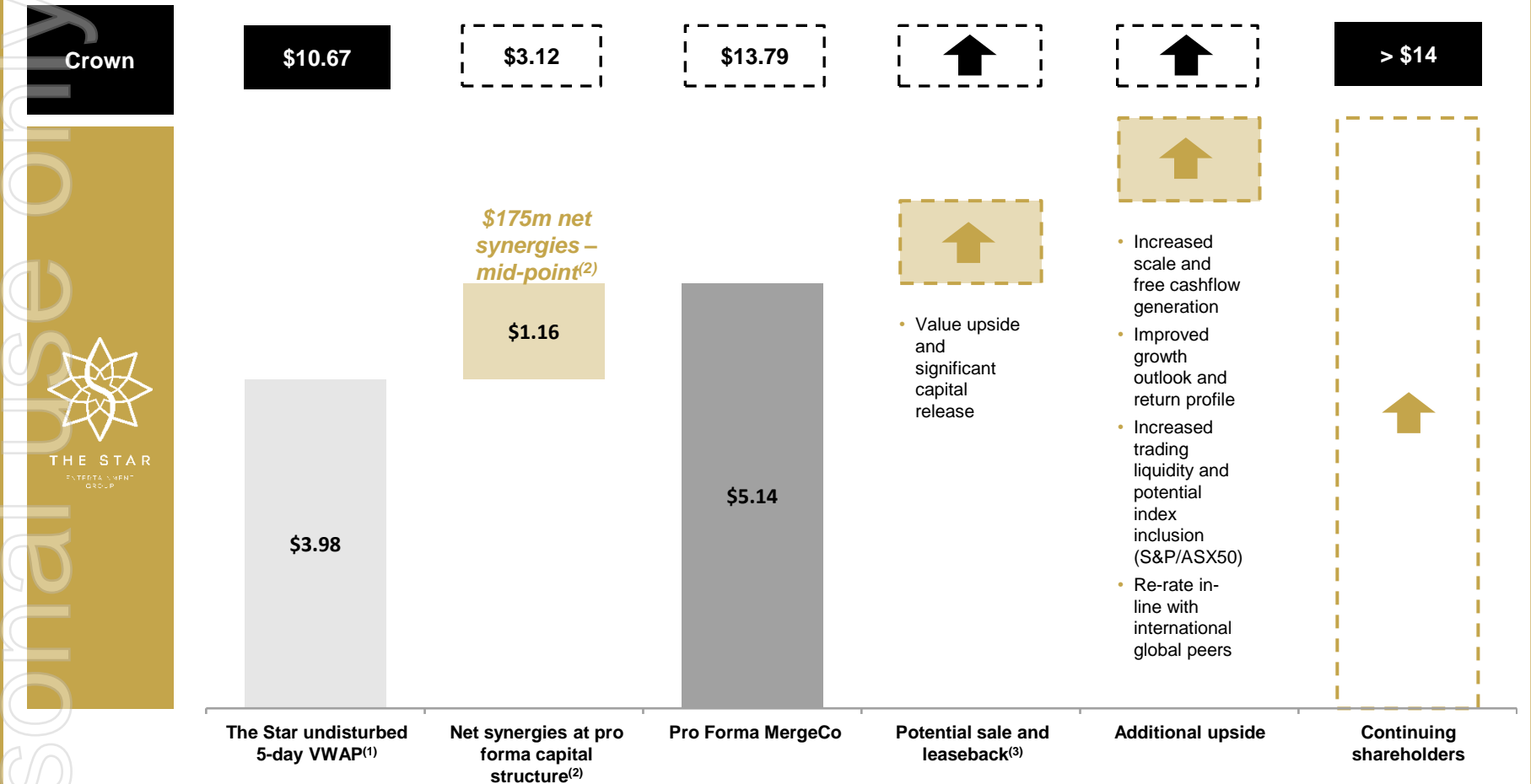
Notes: (1) PP&E for The Star and Crown as at December 2020; (2) Jointly owned by The Star and its joint venture partners; (3) Includes Queen's Wharf Brisbane.

SIGNIFICANT VALUE PROPOSITION FOR SHAREHOLDERS

A Merger is estimated to result in pro forma value above \$14 per Crown share and above \$5 per The Star share

Illustrative value creation (assuming Cash Alternative is fully taken up)

A\$ per share



Notes: (1) Based on 5-day Volume-Weighted Average Price to 7 May 2021; (2) Assumes \$175m of synergies and a 100% take up of cash consideration funded by debt. Tax effected at 30% and capitalised at 18x P/E multiple (based on 3-month VWAP of The Star and Crown to 19-Mar-21 and consensus net profit) less an estimated \$250m of transaction & integration costs (based on the mid-point of the synergies); (3) Or similar structure and subject to regulatory approvals.

HIGHLY ATTRACTIVE INVESTMENT PROPOSITION

A Merger would deliver globally relevant scale and a more diverse earnings profile, generating substantial free cashflow to accelerate debt repayment, support attractive fully franked dividends and continued investment

1 Globally relevant size and scale

MergeCo will have an estimated equity value of ~\$12bn and an estimated enterprise value of ~\$17bn, with potential inclusion in the S&P / ASX 50

2 More diverse revenue and earnings stream

No individual property will contribute more than ~35% of revenue (pro forma for Crown Sydney & QWB)

3 Lower future capital requirements

Both The Star and Crown are entering a period of reduced capital expenditure requirements after significant recent greenfield and brownfield investment

4 Strong free cash flow generation and dividends

The combination of low capital commitments, material cost synergies and new properties coming 'online' will support de-leveraging while paying attractive fully franked dividends

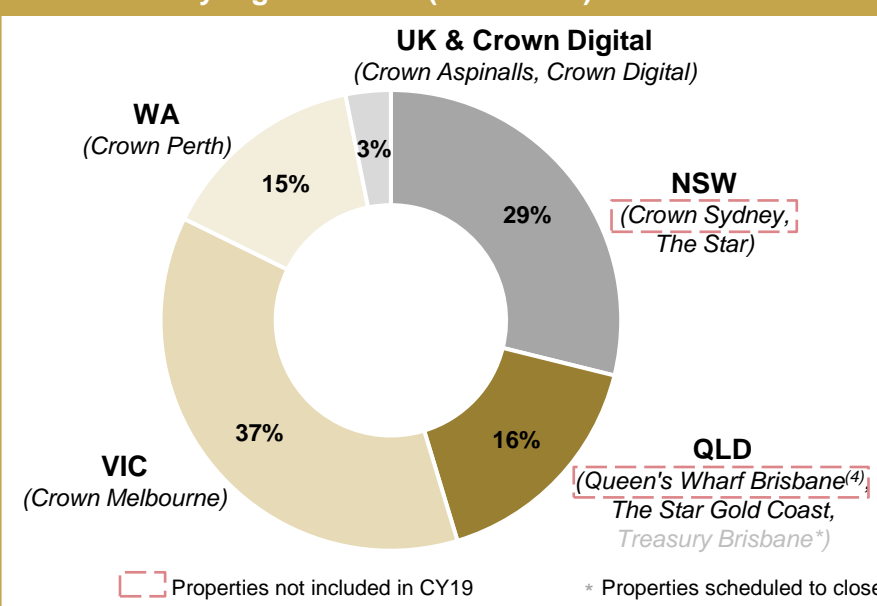
5 Improved credit profile

MergeCo's larger scale and more diversified earnings base will provide an improved credit profile, more attractive for both debt and equity investors over time

Pro forma metrics (estimates)

Pro forma metrics (estimates)		
Value	Equity value	~\$12bn ⁽¹⁾
	Enterprise value	~\$17bn ⁽²⁾
Earnings	Revenue (CY19)	~\$5.6bn
	EBITDA (CY19) ⁽³⁾	~\$1.5bn
	EBIT (CY19) ⁽³⁾	~\$1.0bn

Breakdown by region – CY19 (% revenue)



Source: Public filings.

Notes: (1) Based on estimated pro forma value of \$5.14 per The Star share and pro forma shares on issue of 2.3bn (assuming full take-up of Cash Alternative); (2) Based on last reported net debt at 31 December 2020 for Crown and The Star plus the maximum cash required to fund full-take up of the Cash Alternative and \$250m of transaction & integration costs (based on the mid-point of the synergies); (3) Includes \$175m of synergies; (4) Jointly owned by The Star and its joint venture partners.

MERGER TO UNLOCK SUBSTANTIAL COST SYNERGIES

A Merger is expected to unlock substantial cost synergies representing 4% of the combined cost base

- \$150-200m per annum cost synergies expected to arise from the Merger, with estimated net value of ~\$2bn⁽¹⁾
- Independent assessment by a Big 3 consultant and peer benchmarks support synergy estimates
- The Star adopted centralised functions in FY2019-2020 providing strong foundation for efficient realisation of potential synergies, expect ~90% run rate by end year 2

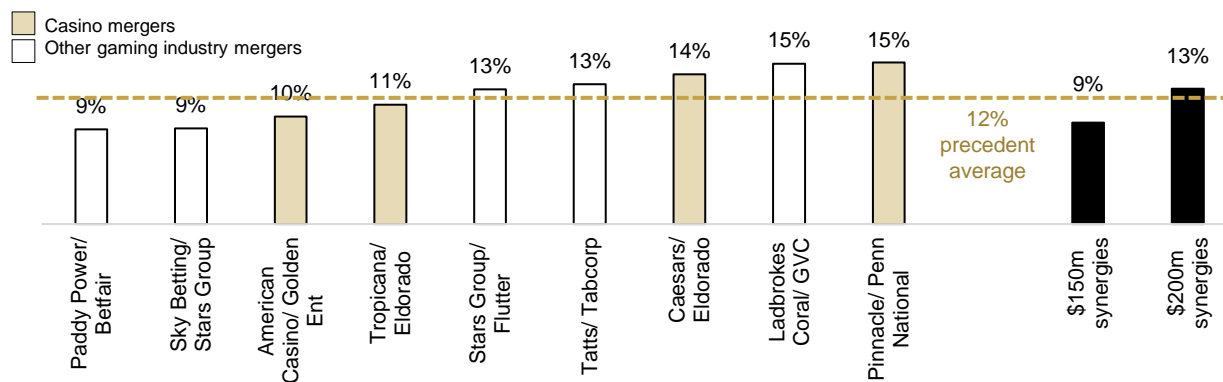
Key sources of synergies

Category	Synergy range	% of MergeCo cost base*
Corporate and other functions	\$60-70m	~25%
Procurement and IT	\$40-50m	~4%
Operations and marketing	\$30-50m	~3%
Reinvestments and Loyalty	\$20-30m	NA
Annual synergies	\$150-200m	~4%

* Based on pro forma total cost base including commissions/rebates per company reports adjusted for planned property openings (Crown Sydney and Queen's Wharf Brisbane). Crown Resorts cost base segments based on analyst forecasts and extrapolation of The Star's cost structure ratios.

Benchmarking to peer transactions

Cost synergies as percentage of merged company EBITDA⁽²⁾



Source: Company filings.

Notes: (1) Capitalised at a blended pre-announcement P/E multiple of 18x after deducting estimated \$250m of transaction & integration costs (based on the mid-point of the synergies); (2) MergeCo pro forma EBITDA based on The Star FY19 normalised EBITDA excl. Treasury and including broker average for Queen's Wharf Brisbane in FY24 (first full year of opening; management fee plus 50% property EBITDA). Crown based on FY19 normalised EBITDA including broker average for Crown Sydney in FY23 (first full year of opening).

POTENTIAL TO UNLOCK VALUE FROM PROPERTY ASSETS

MergeCo will have the size and scale to more effectively pursue a potential sale and leaseback⁽¹⁾ of properties in a co-ownership model with institutional wholesale investors

Unique opportunity to invest in a portfolio of irreplaceable properties in highly sought-after markets

- ✓ Irreplaceable real estate portfolio with ~30ha⁽²⁾ of land situated in high-traffic precincts across Australia's major cities
- ✓ Comprises integrated resorts in Sydney, Melbourne, the Gold Coast and Perth servicing large catchment areas and tourism hubs⁽²⁾
- ✓ Properties have unique gaming, entertainment, hotel and food & beverage offerings
- ✓ Long-term, triple net lease backed by strong tenant
- ✓ MergeCo is expected to retain significant ownership and alignment via a >50% interest

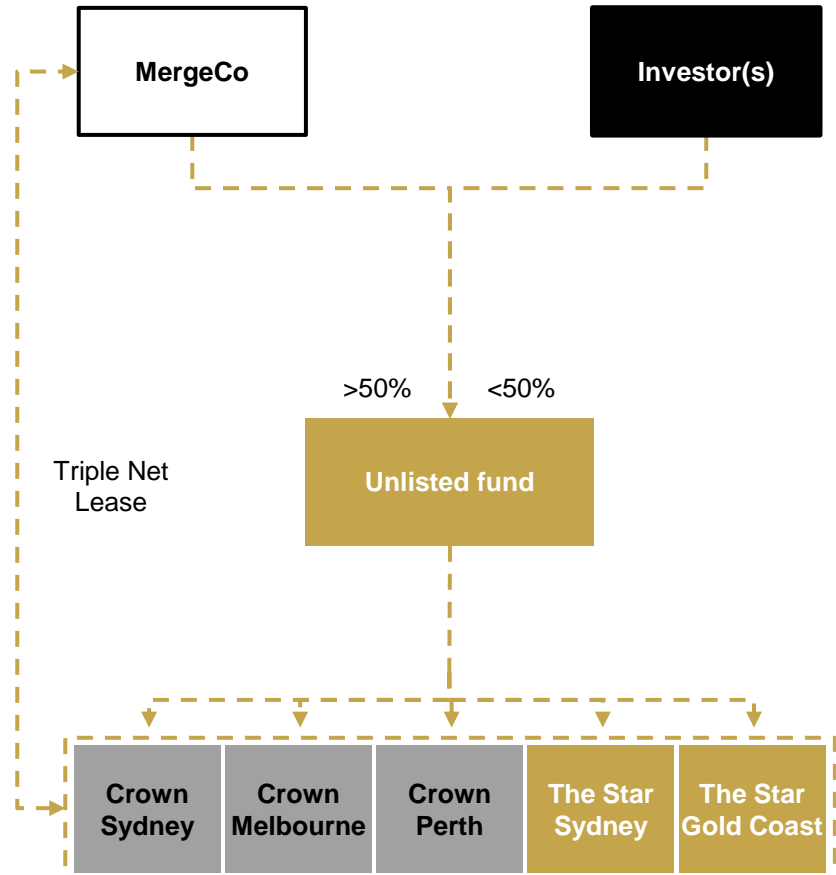
Illustrative sale and leaseback parameters

CY19
EBITDA
c.\$1.5bn⁽³⁾

Rent
30-40% of
EBITDAR

Sell-down
of up to
50%

Illustrative structure



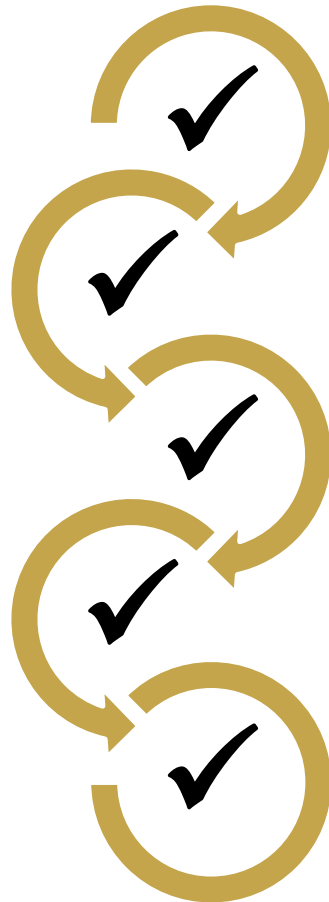
Notes: (1) Or similar structure and subject to regulatory approvals; (2) Excludes Queen's Wharf Brisbane and Sheraton Grand Mirage which are jointly owned by The Star; (3) CY19 MergeCo EBITDA including \$175m of synergies.

EXCITING ADDITIONAL GROWTH OPPORTUNITIES

'Selling Australia as a destination'	<ul style="list-style-type: none">◆ Coordinated investment in marketing and events to attract additional domestic customers and international visitors when borders fully re-open◆ International – enhanced platform to grow international premium mass and direct premium segments◆ Domestic – enable the cross-promotion of destinations, especially via the loyalty program
Digital and technology	<ul style="list-style-type: none">◆ Joint development and optimisation of key technology projects◆ Roll out The Star's licensed 'smart table' technology across all properties◆ Accelerate the adoption of cashless technologies across the combined group (currently in trial)
Online	<ul style="list-style-type: none">◆ Jointly pursue opportunities in the online casino segment◆ Combine and grow social casino offerings – StarPlay (The Star), DGN Games (Crown)◆ Develop online casino capabilities ahead of any potential changes to the Australian regulatory structure – initially to occur in regulated international markets◆ Explore the potential of an aligned wagering business (e.g. Betfair Australasia)
Loyalty	<ul style="list-style-type: none">◆ Combine and optimise our respective loyalty programs◆ Larger customer database will facilitate improved customer insights to deliver enhanced value for members
Integration and expansion of strategic partnerships and alliances	<ul style="list-style-type: none">◆ Leverage The Star's JV partners, Chow Tai Fook Enterprises and Far East Consortium, and their international networks across the combined group◆ Leverage the JV development pipeline across the combined property portfolio

CONCLUSIONS

The transaction would create a world leading integrated resorts operator in Australia with a wide range of benefits for all of our key stakeholders



All Shareholders

Regulators

Governments

Customers

Employees

ersonal use only



THE STAR

ENTERTAINMENT
GROUP