



**ASX/MEDIA RELEASE  
FOR IMMEDIATE RELEASE  
17 May 2021**

## **UPDATE ON THE ACQUISITION PROPOSAL FROM BLACKSTONE**

**MELBOURNE: Crown Resorts Limited (ASX: CWN) (Crown)** refers to its announcement of 10 May 2021 in relation to the revised, unsolicited, non-binding, conditional and indicative proposal from a company on behalf of funds managed and advised by The Blackstone Group Inc. and its affiliates (together, Blackstone), to acquire all of the shares in Crown by way of a scheme of arrangement at an indicative offer price of \$12.35 cash per share (the Revised Proposal).

The Board has carefully considered the Revised Proposal, including obtaining advice from its financial and legal advisers. The Board has had regard to discussions with Blackstone (and its financial and legal advisers) and various regulatory authorities. The Board has also considered feedback from shareholders.

The Board has unanimously concluded that the Revised Proposal undervalues Crown and is not in the best interests of Crown's shareholders. In coming to this conclusion, the Board considered a range of scenarios given the regulatory inquiries in relation to Crown which are underway.

The Board also carefully considered the conditions of the Revised Proposal, including the regulatory approval conditions. Despite Blackstone's modification of these conditions, the Board believes there is significant uncertainty as to the timing and outcome of the regulatory approval processes. As a result, the conditions of the Revised Proposal as currently understood present an unacceptable level of regulatory uncertainty for Crown shareholders.

The Board also had regard to other considerations, including:

### *Fundamental Value of Crown*

- The strategic value of Crown's assets;
- The significant value of Crown's tangible assets comprising land, hotels and gaming and entertainment facilities;
- The significant investment in Crown Sydney, with over \$2.0 billion of the \$2.2 billion gross project cost spent to date, which opened to the public in a restricted capacity on 28 December 2020 and is yet to provide a meaningful contribution to Crown's earnings;
- The timing of the acquisition proposal given the significant impact of the COVID-19 pandemic on Crown's recent financial performance. Crown Melbourne was closed for most of the half year ended 31 December 2020. Crown recorded EBITDA<sup>1</sup> of only approximately \$142 million in the half year ended 31 December 2020 compared to approximately \$381 million in the prior corresponding period. Crown's EBITDA<sup>1</sup> for the 12 month period ended 31 December 2020 was the lowest in any year since Crown was listed in 2007;
- The substantial reduction in Crown's debt which is expected to occur through the balance of the calendar year as a result of receiving proceeds from the sale of Crown Sydney apartments. Crown expects to repay the \$450 million project finance facility which was put in place last year to support the construction of Crown Sydney by 30 June 2021.

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<sup>1</sup> Theoretical EBITDA before Closure Costs and Significant Items

### *Value of the Revised Proposal*

- The potentially long timeframe involved in implementing the Revised Proposal and Blackstone's requirement that any dividends paid to Crown shareholders during this time would be deducted from the indicative offer price of \$12.35 per share;
- That in formulating the indicative offer price of \$12.35 per share, Blackstone assumed that Crown has no material liabilities which have not been reflected in Crown's most recently filed accounts, or announced to the ASX since the date of filing of those accounts. Whilst Crown has disclosed various litigation and regulatory matters (including the AUSTRAC enforcement investigation) as contingent liabilities in its accounts as at 31 December 2020, there is no provision reflected in Crown's accounts in relation to these matters; and
- The low takeover premium being offered. The previous indicative offer price of \$11.85 per share represented a premium of only 19% to the volume-weighted average price of Crown shares between the release of its 1H FY21 results and announcement of the original Blackstone proposal. The Revised Proposal represents an increase of approximately 4% compared to the previous indicative offer price, while the ASX200 increased approximately 6% between the announcement of the original Blackstone proposal and announcement of the Revised Proposal.

Crown is continuing to implement its Reform Agenda and welcomes the New South Wales Independent Liquor and Gaming Authority's recent comments that Crown's reform implementation is making significant progress towards suitability to commence gaming operations at Crown Sydney. Crown will also continue to fully co-operate in relation to the various other regulatory processes to which it is subject, including the Royal Commission into Crown Melbourne and the Western Australian Royal Commission.

The Board is committed to maximising value for all Crown shareholders and will carefully consider any acquisition proposal that is consistent with this objective.

### **ENDS**

This announcement was authorised for release by the Crown Board.

Investor and Analyst Enquiries – Matthew Young, Investor Relations, 03 9292 8848.

Media Enquiries – Natasha Stipanov, Corporate Affairs, 03 9292 8671.

### **COPIES OF RELEASES**

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