

Commercial in confidence**Email**

6 June 2019

Ms Catherine Myers
Chief Executive Officer
Victorian Commission for Gambling and
Liquor Regulation
Level 3, 12 Shelley Street
RICHMOND VIC 3121

Dear Ms Myers

Melco Resorts and Entertainment Ltd - Crown Resorts LtdWe act for Melco Resorts and Entertainment Ltd (**Melco**).

As you may be aware, Melco has entered into an agreement for it or its nominee(s)¹ to acquire approximately 19.99% of the issued shares in Crown Resorts Ltd (**Crown**) from CPH Crown Holdings Pty Limited (**Initial Holding**). Completion of the acquisition of the Initial Holding will occur in two equal tranches on 6 June 2019 and no later than 30 September 2019.

We are writing to you because Melco intends to seek approvals for representation on the Crown and relevant subsidiary boards, and for the acquisition of further shareholdings in Crown should Melco take a decision to do so in future. Please see Schedule 1 for details of the approvals that will be sought.

Could you please provide details of the information and documentation that Melco will need to provide in relation to the approval applications, and copies of any relevant forms.

As there has been coverage by the media in relation to the acquisition of the Initial Holding, we also wish to set out the basis on which we have concluded that no prior approvals are required by Melco for that acquisition. Please see Schedule 2 for our analysis of these matters.

Melco would welcome the opportunity to meet with you to discuss the approval process.

1. Background relating to Melco

We understand that the Victorian Commission for Gambling and Liquor Regulation (**Commission**) is familiar with Melco and its businesses, given Crown's previous interests in, and business relationships with, Melco.

In any event, a copy of Melco's announcement, which includes further details about Melco, is **attached** for your reference.

You will see that Melco is a developer, owner and operator of casino gaming and entertainment casino resort facilities in Asia, including the Altira Macau casino hotel located at Taipa, Macau and City of Dreams integrated urban casino resort located in Cotai, Macau. Its business also includes the Mocha Clubs, which comprise the largest non-casino based operations of electronic gaming machines in Macau.

¹ The nominated entity for the first tranche is MCO (Kittyhawk) Investments Limited, a Cayman Islands wholly owned subsidiary of Melco

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Melco also majority owns and operates Studio City, a cinematically-themed integrated entertainment, retail and gaming resort in Cotai, Macau. In the Philippines, a Philippine subsidiary of Melco currently operates and manages City of Dreams Manila, a casino, hotel, retail and entertainment integrated resort in the Entertainment City complex in Manila.

For further information, please use the link below to access Melco's investor relationship homepage, where all prior SEC filings and announcements are made available:

<http://ir.melco-resorts.com/phoenix.zhtml?c=206322&p=irol-irhome>

2. Meeting between Melco and the Commission

Key Melco executives, including Mr. Lawrence Ho, will make themselves available to be in Australia during the week commencing 10 June 2019.

Melco would welcome the opportunity to meet with you or the appropriate officers to introduce themselves and to provide some background on Melco, its operations and philosophy, and to discuss the approvals noted above.

If you are able to provide us with details of your availability to meet with Melco in that week, we will endeavour to arrange a suitable time. Melco are also aiming to meet with key regulators in each other relevant jurisdiction, so Melco will need to coordinate the various meetings depending on the availability of other regulators.

3. Commercial in confidence

Please note that this letter is provided to the Commission on a private and confidential basis, as it contains confidential and commercially sensitive information. The letter should not be disclosed to any third party whether under the *Freedom of Information Act 1982* (Vic) or otherwise without Melco's prior written consent.

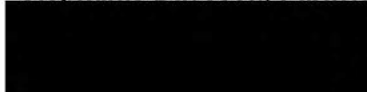
If you have any questions or would like to discuss, please contact us.

Yours sincerely

Rory Moriarty, Partner



Stephanie Daveson, Partner



Rod Halstead, Director - Strategic Corp/M&A



Our ref 20889

Schedule 1 - Victorian casino approvals sought

	Required Approval	Relevant provision	Comment
Appointment of directors of Crown and Crown Melbourne Ltd (CML)			
1.	<p>Approval of the Commission for the following persons to become an 'associate' of CML:</p> <ul style="list-style-type: none"> • Mr Lawrence Ho; • Mr Geoff Davis; • Ms Stephanie Cheung; • Mr Akiko Takahashi; • Mr Evan Winkler; and • Mr Clarence Chung 	<p><i>Casino Control Act 1991</i> (Vic): s 28(2)(a)</p>	<p>For appointment as a director of Crown and CML (and interposed companies, if required).</p> <p>Melco intends to seek approval for each of these persons to be appointed, to provide flexibility going forward as to which of them may ultimately be appointed.</p>
2.	<p>Approval of the Commission for the appointment of the person as a director of CML</p>	Casino Agreement - cl 22.1(c)	
Acquisition of holding above 19.99% of Crown			
3.	<p>Approval of the Commission for Melco to become an 'associate' of Crown Melbourne</p>	<p><i>Casino Control Act 1991</i> (Vic): s 28</p>	<p>Melco seeks approval to allow it the flexibility to increase its ownership in Crown over time. The timing and extent of any such increases will depend on a range of factors and have not been determined at this stage.</p> <p>Based on our analysis of the relevant rules and regulations, we conclude that merely incrementally increasing its shareholding in Crown above 19.99% (e.g. by utilising the 3% creep exception to the takeovers provisions in the Corporations Act) will not necessarily make Melco an 'associate' of CML. It will depend on the size of Melco's total holding from time to time and the influence it can actually bring to bear in CML's business at the relevant time.</p> <p>However, at some point, an increased holding in Crown is likely to give Melco significant influence over the management or operations of CML's business, and so Melco will at that time become an 'associate' of CML.</p>

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			To provide flexibility for future acquisitions, Melco intends to apply now for approval to become an 'associate' of CML.
4.	Approval of the Commission for Melco becoming 'entitled' to more than 5% of the shares in Crown Melbourne	Victorian Casino Agreement: cl 22.1(f)	<p>If Melco increases its holding in Crown and obtains a relevant interest in more than 20% of Crown's shares, Melco will be deemed to have the same relevant interests in CML shares that Crown has.²</p> <p>Crown has relevant interests in 100% of CML's shares, because CML is a wholly owned subsidiary of Crown.</p> <p>Therefore, Melco would obtain relevant interests in, and become 'entitled' to, 100% of the CML shares if it acquires a holding of more than 20% in Crown Ltd.</p>

² Section 608(3)(a) of the Corporations Act.

Schedule 2 - Acquisition of Initial Holding

Based on our analysis of the relevant regulatory framework, we have concluded that no prior approval for these acquisitions is required under the *Casino Control Act 1991 (Vic)* (**Control Act**) or under the Casino Agreement.

1.1 Melco does not become an 'associate' of CML because of the Initial Holding

The acquisition of the Initial Holding in the listed shares of Crown does not make Melco or any other person an 'associate'³ of CML (i.e. the casino operator), a subsidiary of Crown, for the purposes of the definition of 'major change' in the state of affairs existing in relation to CML in section 28 of the Control Act.

By virtue of the Initial Holding:

- (a) Melco will not hold any 'relevant financial interest'⁴ in the business of CML that will be carried on under the casino licence. Melco will not be able to exercise significant influence over or with respect to the management or operation of that business.⁵

Melco will not have any share in the capital of CML or its business. Melco will not have any direct entitlement to receive any income from the business of CML, but will become entitled to receive dividends from Crown through its shareholding in Crown. Melco cannot be considered in these circumstances to have a 'relevant financial interest' in CML.

Melco's right to receive dividends from Crown will not give it any influence over or with respect to the management or operation of CML's business. It is merely a passive right to receive a dividend stream from Crown; and

- (b) Melco will not be entitled to exercise any 'relevant power' in the business of CML that is carried on under the casino licence. Melco will not be able to exercise significant influence over or with respect to the management or operation of that business.⁶

A 'relevant power'⁷ is 'any power, whether exercisable by voting or otherwise and whether exercisable alone or in association with others:

- to participate in any directorial, managerial or executive decision; or
- to elect or appoint any person to any relevant position (i.e. the position of director, manager or other executive position or secretary, however that position is designated).

³ As defined in section 4(1) of the Control Act

⁴ Definition of 'relevant financial interest' in 4(2) of the Control Act

⁵ Definition of 'associate' in section 4(1)(a) of the Control Act

⁶ Definition of 'associate' in section 4(1)(a) of the Control Act

⁷ Definitions of 'relevant power' and 'relevant position' in section 4(2) of the Control Act

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The Initial Holding in Crown does not give Melco any power to participate in management decisions of CML (or Crown), or to elect or appoint any director or executive of CML or Crown.

Although Melco has stated an intention to seek Crown board representation (after obtaining necessary regulatory approval from the Commission and other relevant casino regulators), Melco does not have any power to cause that to happen. It will be in the discretion of the existing Crown Board as to whether or not such a director is appointed. Given the composition of Crown's share register, Melco does not consider that the Initial Holding would give it power to control the election of any director at a general meeting of Crown.

Melco is not acting in association with any other person in relation to decisions made in respect of the business of CML or in relation to the election or appointment of any person to any relevant position.

In the circumstances, Melco does not consider that, by virtue of the Initial Holding, it has any 'relevant power', or that it has any ability to exercise significant influence over or with respect to the management or operation of CML's business.

Neither Melco, nor any of its executives or nominees, will hold any 'relevant position' in the business of CML (or Crown) upon acquisition of the Initial Holding. As noted above, it will be in the discretion of the existing Crown Board as to whether or not such a director is appointed, following approval of the person by the Commission.

1.2 No 'entitlement' to more than 5% of the shares in CML

Clause 22.1(f) of the Casino Agreement provides that it is a condition of that agreement that CML will not knowingly permit a person or, upon becoming aware of a person being entitled, allow a person to continue to be 'entitled' to a number of shares in CML which exceeds 5% of the total number of shares on issue at any time without the prior written approval of the Commission.

A person's 'entitlement' to shares in CML is calculated in the manner prescribed for calculation of substantial holdings in Part 6C.1 of the Corporations Act.⁸ Therefore, Melco's 'entitlement' to shares in CML will be calculated as the total number of votes attached to CML shares in which Melco or its associates have a 'relevant interest'.⁹

While Melco will have a relevant interest of 19.99% in Crown as a result of the Initial Holding, it will not have any relevant interest in the shares in CML.¹⁰

However, should Melco increase its holding in Crown to above 20%,¹¹ it will acquire an 'entitlement' to 100% of the shares in CML and so would require the prior approval of the Commission (see Schedule 1).

⁸ Clause 22.3 of the Casino Agreement.

⁹ Section 671B and definition of 'substantial holding' in section 9 of the *Corporations Act 2001 (Cth)* (**Corporations Act**)

¹⁰ Sections 608 and 609 of the Corporations Act

¹¹ Section 608(3)(a) of the Corporations Act

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Melco Resorts & Entertainment Limited Purchases 19.99% Stake in Crown Resorts Limited from CPH Crown Holdings Pty Limited

MACAU, May 30, 2019 (GLOBE NEWSWIRE) -- Melco Resorts & Entertainment Limited ("Melco") today announced that on May 30, 2019, it executed a definitive purchase agreement through which a subsidiary of Melco will acquire 135.35 million shares of Crown Resorts Limited ("Crown") from CPH Crown Holdings Pty Limited ("CPH") for a price of AUD13.00 per Crown share. These shares represent an ownership interest of approximately 19.99% in Crown. The transaction will close in two equal tranches on June 6, 2019 and on or prior to September 30, 2019.

While the announced transaction does not require regulatory approval to be consummated, Melco, its Chairman and Chief Executive Officer, Lawrence Ho, and select Melco executives will promptly submit applications to the gaming regulatory authorities in each of Victoria, Western Australia, New South Wales and any other relevant jurisdictions. Following approval from these authorities, Melco intends to pursue board representation on Crown's board of directors commensurate with its ownership position. Additionally, subject to obtaining requisite regulatory approvals, Melco welcomes the opportunity to increase its ownership in Crown.

Mr. Lawrence Ho, Chairman and Chief Executive Officer of Melco Resorts & Entertainment, said, "I view Melco's investment in Crown as an incredible opportunity to purchase a strategic stake in what I believe to be Australia's premier provider of true integrated resort experiences. Crown's Resorts in Perth and Melbourne are world class entertainment destinations and I believe that Crown Sydney, much like Melco's Morpheus property, will create an architectural icon for the city, the country and the world. In addition, Crown's UK assets have qualities that are second to none. Like Melco, Crown is a leader in creating new and exciting luxury and entertainment experiences for its guests. We also both strive to be a leader in the communities in which we do business both through CSR work and helping to drive

tourism and the local economy. Put simply, we share a similar core DNA with respect to how we view our businesses. In addition, I personally know the management at Crown and look forward to working with them to further enhance both Crown's performance and development in Australia and the appeal of Crown's properties to international patrons."

Safe Harbor Statement

This press release contains forward-looking statements. These statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. Melco Resorts & Entertainment Limited (the "Company") may also make written or oral forward-looking statements in its periodic reports to the U.S. Securities and Exchange Commission (the "SEC"), in its annual report to shareholders, in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Statements that are not historical facts, including statements about the Company's beliefs and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties, and a number of factors could cause actual results to differ materially from those contained in any forward-looking statement. These factors include, but are not limited to, (i) growth of the gaming market and visitations in Macau and the Philippines, (ii) capital and credit market volatility, (iii) local and global economic conditions, (iv) our anticipated growth strategies, (v) gaming authority and other governmental approvals and regulations, and (vi) our future business development, results of operations and financial condition. In some cases, forward-looking statements can be identified by words or phrases such as "may", "will", "expect", "anticipate", "target", "aim", "estimate", "intend", "plan", "believe", "potential", "continue", "is/are likely to" or other similar expressions. Further information regarding these and other risks, uncertainties or factors is included in the Company's filings with the SEC. All information provided in this press release is as of the date of this press release, and the Company undertakes no duty to update such information, except as required under applicable law.

About Melco Resorts & Entertainment Limited

The Company, with its American depositary shares listed on the NASDAQ Global Select Market (NASDAQ: MLCO), is a developer, owner and operator of casino gaming and entertainment casino resort facilities in Asia. The Company currently operates Altira Macau (www.altiramacau.com), a casino hotel located at Taipa, Macau and City of Dreams (www.cityofdreamsmacau.com), an integrated urban casino resort located in Cotai, Macau. Its business also includes the Mocha Clubs (www.mochaclubs.com), which comprise the largest non-casino based operations of electronic gaming machines in Macau. The Company also majority owns and operates Studio City (www.studiocity-macau.com), a cinematically-themed integrated entertainment, retail and gaming resort in Cotai, Macau. In the Philippines, a Philippine subsidiary of the Company currently operates and manages City of Dreams Manila

(www.cityofdreams.com.ph), a casino, hotel, retail and entertainment integrated resort in the Entertainment City complex in Manila. For more information about the Company, please visit www.melco-resorts.com.

The Company is strongly supported by its single largest shareholder, Melco International Development Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited and is substantially owned and led by Mr. Lawrence Ho, who is the Chairman, Executive Director and Chief Executive Officer of the Company.

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Melco Resorts & Entertainment Limited

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