



**ASX/MEDIA RELEASE
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**UPDATE IN RELATION TO MAJOR INITIATIVES TO
ENHANCE SHAREHOLDER VALUE**

MELBOURNE: Crown Resorts Limited (ASX: CWN) ("Crown Resorts" or the "Company") announced today that:

- It has entered into a bilateral agreement with Melco International Development Limited ("Melco") in respect of its shareholding in Melco Crown Entertainment Limited (NASDAQ: MPEL) ("MCE") for the sale of 198 million MCE shares (equivalent to 66 million MCE American Depository Shares ("ADSs") or 13.4% of MCE shares outstanding) ("Sale to Melco");
- The Sale to Melco is expected to generate proceeds of approximately \$1.6 billion which are intended to be used to reduce the Company's net debt by approximately \$800 million, fund a special distribution of approximately \$500 million and enable a share buy-back of approximately \$300 million;
- The Board has resolved not to proceed with the Alon project in Las Vegas at this time and is assessing options to optimise the value of from Crown's investment in the project;
- As a consequence of the Sale to Melco and the decision not to proceed with the Alon project at this time, the Board has also determined not to proceed with the proposed demerger of the Company's international investments; and
- The Company continues to prepare for the proposed IPO of a 49% interest in some of its Australian hotels and associated retail property ("Crown REIT IPO"). This is subject to final Board approval, prevailing market conditions and the status of the Company's capital management program.

Announcing these initiatives, Crown Resorts' Chairman, Mr Robert Rankin, said:

"These business decisions are strategic and for the long-term and will underpin the Company's future over the next decade."

"Today's announcements will maximise value for the benefit of all Crown Resorts shareholders, allowing us to redeploy capital to fund high quality growth projects as well as adopting a number of capital management initiatives. Crown Resorts has a strong portfolio of future projects, anchored by Crown Sydney, and including our online and wagering platforms."

SALE TO MELCO

Crown Resorts has entered into a bilateral agreement with Melco for the sale of 198 million MCE shares (equivalent to 66 million MCE ADSs or 13.4% of MCE shares outstanding) for US\$6.00 per MCE share (equivalent to US\$18.00 per MCE ADS), to be completed in the next few months subject to Melco's receipt of regulatory approval and finance.¹ Upon completion, Crown Resorts' shareholding in MCE will be reduced from 27.4% to 14.0%. The Sale to Melco is expected to generate net proceeds to Crown Resorts of approximately \$1.6 billion.

As a result of the bilateral transaction with Melco, the Shareholders' Deed between Crown Resorts and Melco will be amended. Crown Resorts will retain a seat on the MCE Board and the trade mark licence

¹ Melco has agreed to pay Crown Resorts a deposit of US\$100 million in respect of this transaction. This amount is non-refundable in the event that regulatory or financing approvals are ultimately not received provided the agreement has not been terminated due to a Crown Resorts breach.

agreement which permits the Crown Towers brand to be used at City of Dreams in Macau and Manila will remain in place.

A summary of the main amendments is set out in the schedule to this announcement.

Mr Rankin also said:

"Consistent with the principle which underpinned the rationale for the proposed demerger, this transaction will enable investors and analysts to more easily evaluate the financial and operating performance of the Company's high quality core Australian assets."

USE OF PROCEEDS

The sale of MCE shares to Melco is expected to generate proceeds of approximately \$1.6 billion which are intended to be used to reduce the Company's net debt by approximately \$800 million, fund a special distribution of approximately \$500 million and enable a share buy-back of approximately \$300 million. It is expected that the special distribution would be paid in the second quarter of calendar year 2017 and the buy-back would also commence around that time.

Mr Rankin said:

"This distribution of proceeds is for the benefit of all Crown Resorts shareholders and strikes the right balance between debt reduction and the Company's capital management program. It reinforces the Company's commitment to maintain a strong balance sheet and investment grade credit profile."

ALON PROJECT NOT PROCEEDING AT THIS TIME

Following an extensive review of funding alternatives for the Alon project over the last two years, Crown Resorts has determined that it will not proceed with the project at this time. As a result, Crown Resorts and its partners will begin exploring alternatives to optimise the value of their investment in Alon, including an outright sale.

PROPOSED DEMERGER OF THE COMPANY'S INTERNATIONAL ASSETS WILL NOT PROCEED

As a consequence of the Sale to Melco and the decision not to proceed with the Alon project at this time, the Board has also determined not to proceed with the proposed demerger of the Company's international investments.

Crown Resorts CEO, Rowen Craigie, said:

"The Board's decision represents a prudent alternative to the proposed demerger."

"Following completion, Crown Resorts shareholders will be afforded greater transparency in respect of the Company's asset portfolio and have the benefit of additional capital management initiatives. These benefits will be available to shareholders on an accelerated basis relative to the time required to undertake a demerger."

UPDATE ON CROWN RESORTS REIT IPO

Crown Resorts continues to prepare for the proposed Crown REIT IPO.

Implementation of the IPO is subject to various approvals, consents and waivers from third parties including State Governments, regulatory bodies and the ASX. The IPO is also subject to final Board approval, prevailing market conditions at the time of implementation and the status of the Company's capital management program.

TRADING UPDATE

In the context of the significant nature of these announcements and given the close proximity to the end of the first half of FY17, Crown Resorts has elected to provide a trading update as follows:

- VIP program play turnover for the Company's Australian resorts for the 23 week period was below the pcp by approximately 45%. However, the first three months of the pcp experienced extremely strong VIP activity which is reflected in this pcp comparison;
- Main gaming floor revenue (Australian resorts combined) was flat compared with the pcp with modest revenue growth in Melbourne offset by softness in Perth;
- Non-gaming revenue (Australian resorts combined) increased by 4% on the pcp; and
- Total revenue (at theoretical) across the Company's Australian resorts declined by approximately 12%. The year on year decline was due to the reduction in VIP program play revenue during this period.

ENDS

COPIES OF RELEASES

Copies of previous media and ASX announcements issued by Crown Resorts are available at the Company's website at www.crownresorts.com.au

SCHEDULE

SUMMARY OF KEY AMENDMENTS TO THE SHAREHOLDERS' DEED BETWEEN CROWN RESORTS AND MELCO

- The number of directors comprising the MCE Board will be nine, comprising four directors nominated by Melco (an increase of one), one director nominated by Crown Resorts (a decrease of one) and four independent non-executive directors (no change). Mr James Packer will resign as Deputy Chair and non-executive director of MCE.
- Certain obligations that previously applied between Melco and Crown Resorts will end, including restrictions on disposals of MCE shares by Crown Resorts and Melco and exclusivity obligations regarding gaming operations in Macau.
- MCE and its affiliates must cease to use the 'Crown' name as part of its corporate name within six months after the closing of the Sale to Melco.