



**Crown Resorts Limited**  
**(ABN 39 125 709 953)**

Meeting of the Board of Directors held on Thursday, 27 April 2017 at 10.00am  
 at Garden Room 1, Level 1, Crown Towers, 8 Whiteman Street,  
 Southbank, Victoria

**Present:**

John Alexander (Chairman)  
 Helen Coonan  
 Rowena Danziger (by telephone)  
 Andrew Demetriou  
 Geoff Dixon  
 John Horvath  
 Michael Johnston  
 Harold Mitchell  
 Rob Rankin (by telephone)

Mary Manos (Secretary)  
 Michael Neilson (Secretary)

**By invitation:**

Mark Arbib (CPH)  
 Ken Barton  
 Karl Bitar  
 Barry Felstead  
 Guy Jalland (CPH)  
 Alan McGregor  
 Richard Murphy (Minter Ellison)(Agenda Item 6 only)  
 Todd Nisbet  
 James Packer (by telephone)

**Apologies:**

Nil

**BUSINESS**

**Executive Chairman's Summary:**

The Executive Chairman's Summary included in the Board pack was taken as read.

Of the matters set out in the Summary, John Alexander highlighted the following:

- That cost saving opportunities totalling approximately \$90.4 million (annualised) have been identified since late last calendar year with the majority having now been implemented;
- The key developments in the Queensbridge, Crown Sydney, Alon and Japan projects; and
- The proposed sale of Crown's share of Ellerston.

It was noted that a stand-alone Digital Update would be provided at a future next meeting, however, the various regulatory changes to on-line wagering, as set out in the Summary were highlighted.

It was **RESOLVED** that the Executive Chairman's Summary be noted.

**Trading Update and Restructuring:** Ken Barton spoke to the Trading Update for the Group noting that in terms of the revised consolidated F17 forecast, Crown Melbourne and Crown Perth were together tracking slightly above forecast on a year to date basis.

Barry Felstead spoke to the Restructuring Process Overview noting the labour savings which had been achieved across areas including VIP, Food & Beverage, Gaming and Support Departments. Mr Felstead noted that additional restructuring opportunities continue to be explored in the areas of marketing, IT and procurement.

Mr Felstead noted the progress which had been made in the CROWNability program. In addition, he informed the Board that Crown College International had received CRICOS (Commonwealth Register of Institutions and Courses for Overseas Students) registration meaning that Crown College International can accept enrolments from international students which is expected to deliver a \$1.5 million dollar contribution to the Company.

It was **RESOLVED** that the Trading and Restructuring Update be noted.

**Capital Management Plan Update:**

***Debt Restructure and Capital Management:***

Ken Barton presented the Update on Capital Management Plan paper.

*Hybrid Notes buy-back*

In relation to the Company's Hybrid Notes buy-back, it was noted that determination of the strategy to implement the buy-back had been delegated to a sub-committee of the Board (the "**Board Sub-Committee**") comprising Mr Ken Barton, Mr Ben Brazil and Mr Geoff Dixon who have been determining the appropriate prices at which Hybrid Notes I should be bought back.

Given the resignation of Ben Brazil from Crown's board, it was proposed that his proposed replacement on the Finance Committee, Helen Coonan, take his position on the Board Sub-Committee.

It was **RESOLVED** that the appointment of Helen Coonan to the Board Sub-committee convened to monitor the buy-back of Hybrid Notes I be approved.

*On-market share buy-back*

Commencement of the Company's share buy-back was noted. Mr Barton explained that while it had originally been assumed that Crown would be able to acquire 30% of daily traded shares and that the initial buy-back would take approximately 13 weeks, there had been a number of factors as set out in the Report, which have led to the slower than forecast buy-back.

*Australian Medium Term Notes (AMTNs)*

In relation to the A\$450m AMTN issue, it was proposed that Crown commence the tender process for a buy-back of the AMTNs in accordance with the summary provided in the Report.

It was **RESOLVED** that:

- (a) the Tender Offer;
- (b) each Tender Offer Document; and
- (c) the issue of the Tender Offer Memorandum;

each as described in the Report be approved.

It was **RESOLVED** that the Company execute and enter into:

- (a) each Tender Offer Document in the form produced to the meeting or in any other form approved by either two directors or a director and secretary of the Company, or by an Attorney; and

- (b) any other document or agreement that either two directors or a director and secretary of the Company, or an Attorney, considers necessary or desirable in connection with the Tender Offer Documents and the Tender Offer Memorandum or any transaction contemplated by them or the Tender Offer.

It was **RESOLVED** that performance by the Company of its obligations under the Tender Offer Documents and the Tender Offer be approved.

It was **RESOLVED** that the Power of Attorney be executed by the Company in any manner contemplated by section 127 of the Corporations Act 2001 (Cth).

It was **RESOLVED** that each Attorney is severally authorised, on behalf of the Company, to execute and deliver (or enter in any other way into):

- (a) the Tender Offer Documents; and
- (b) any other document or agreement that either two directors or a director and secretary of the Company, or an Attorney, considers necessary or desirable in connection with the Tender Offer Documents and the Tender Offer Memorandum or any transaction contemplated by them or the Tender Offer,

and to do anything else that an Attorney is authorised to do under the Power of Attorney.

***Melco Resorts & Entertainment  
(MRE) Update:***

Ken Barton presented the Update on Interest in Melco Resorts & Entertainment paper. It was noted that:

- Crown retains an 11.2% ownership interest in MRE;
- The ownership interest is subject to two total return swaps (TRS)s;
- The first of the TRSs was executed in December 2016 and is in respect of a 5.6% interest in MRE with a fixed price of US\$16 per ADS; and
- A second TRS was executed at the end of March over a further 2.4% interest in MRE at a price of US\$18.05 per ADS.

Mr Barton noted that Crown had been approached by Melco International with a proposal to assist Crown to realise of its remaining 11.2% interest in MRE in accordance with the proposed structure set out in the Report.

In addition, it was noted that various historical matters, including joint venture arrangements in place in relation to gaming ventures in Japan (**Japan JV**), continued support in relation to services from Crown to MRE and issues in relation to the MRE short film would each need to be dealt with as part of the proposed package of arrangements.

In relation to the Japan JV, it was noted that:

- The Japan JV requires all gaming ventures in Japan to be conducted through a nominated joint venture entity or alternatively a structure such that both Melco International and Crown have 50% economic interest in the gaming venture;
- Melco International had proposed that this agreement be terminated in conjunction with a final sell down of Crown's interest in MRE; and
- Melco International had instead proposed that the Japan JV Shareholders' Agreement be replaced with a good faith undertaking between the parties to negotiate to be co-shareholders in a Japan joint venture should either party be successful in obtaining a Japanese gaming licence.

It was **RESOLVED** that management be authorised to further investigate the Melco International proposal but to revert to the full Board should that exercise result in a proposal which might be attractive from a Crown perspective and which may be capable of being implemented.

It was noted that from Crown's perspective, termination of the Japan JV would not be detrimental to Crown.

**Key Development matters:**

***Sydney Update:***

Todd Nisbet noted that Crown Sydney is proceeding on schedule and consistent with the previous update provided to the Board.

Of the matters listed in the Report, Mr Nisbet noted the following:

- That hotel mock-up rooms are being constructed in Melbourne and are expected to be ready for operational review by May;
- The continued negotiations with the BDA over development proposals for Barrangaroo Central and the impact to Crown's sightlines; and

- The various design changes which have been implemented since October 2016, as set out in the Report.

In addition, it was noted that minor amendments to the financial summaries included in the Report would be addressed as part of Crown's four year planning processes.

***Queensbridge Update:***

Todd Nisbet noted that the Board established sub-committee had established the general direction which should be pursued for this Project, as summarised in the Report.

In addition, it was noted that:

- Crown had been working with the Schiavellos to develop a residential revenue profile;
- A road show to promote the Project was being planned for the later part of May; and
- Knight Frank had provided apartment valuations and design suggestions aimed at maximising sales and forecast revenue, which were in the process of being incorporated into Crown's briefing packs for potential third party investors.

***Alon Exit Progress:***

In relation to the proposed sale of the Alon land, Todd Nisbet noted that Crown had appointed CBRE to sell the land with a global marketing campaign scheduled to commence in May 2017 and expected to complete within a timeframe of six to 12 months.

It was noted that a sale of the land to a casino operator would likely yield the highest return and that the service arrangement with CBRE had been structured on a tiered basis with a higher sale price resulting in a higher fee for CBRE.

***Japan Update:***

Todd Nisbet noted that there had been some momentum in relation to the development of integrated resorts in Japan.

Of the proposed integrated resort locations, it was noted that Yokohama (Tokyo) is most attractive to Crown given its experience in urban renewal projects.

It was further noted that Crown's strength in the area of the responsible gaming was seen as a strength given the Japanese public sentiment against gambling.

It was **RESOLVED** that the Development Update be noted.

**Asset Sale Updates:****Ellerston:**

Consideration of this matter was deferred until the end of the meeting to allow representatives of Consolidated Press Holdings to leave the room.

**Capital Club:**

Ken Barton noted that Capital Golf Club ("Capital") had been identified as an asset which could be considered for sale.

It was noted that Crown management had some preliminary high-level conversations with a valuation expert in relation to the potential sale of Capital and that likely prospective buyers might include:

- buyers who would seek land value (for example, buyers who might be prepared to "land bank"); or
- buyers who may be seeking a premium golf club facility as a replacement (or substitute) facility for an existing golf course.

It was **RESOLVED** that management continue exploring the possibility of disposing of Capital in more detail and that options for, and a recommendation in relation to, a disposal of Capital be brought back to the Board in due course.

**Crown Perth Yacht:**

It was noted that a subsidiary of Crown Perth had executed a Letter of Intent to sell the Motor Yacht Infinity 8 for A\$6.5 million (excluding GST).

It was **RESOLVED** that the proposed sale of Motor Yacht Infinity 8 be approved.

**China Update:**

Richard Murphy joined the meeting and provided an update on the detention of Crown staff in China.

### *General Update*

Mr Murphy noted that:

- Since the last board meeting, Karl Bitar had had two further trips to China, including one to accompany Jason O'Connor's wife on a family visit;
- The police had delivered their files for each of the detainees to the Public Security Bureau which had in turn referred those files to prosecutors in relatively low level district offices;
- Each detained employee had been interviewed on a number of occasions; and
- The next stage is for the prosecutors to review the files and to formulate charges with the process usually extending beyond the six week period allowed for review.

### *Class Action*

In relation to potential class action, it was noted that, since the announcement made by Maurice Blackburn, there had been no significant developments on this matter.

### *Adoption of Operating Model for Future Business in Asia*

Mr Murphy informed the Board that a review of local advices of the laws of centres in which Crown operates in Asia had been completed and that a consolidated advice on the principles for an updated operating model had been prepared.

It was noted that, after consultation with individual members of the Risk Management Committee, management had implemented a restructure of its VIP business model, which, among other elements, involves:

- The establishment of a regional hub in Hong Kong;
- The closure of other Asian offices and the relocation of staff;
- The development of detailed operating protocols, including periodic review of those protocols and appropriate training; and
- The appointment of a dedicated Compliance Officer in Hong Kong.



The Board requested that Mr Murphy continue to provide updates to the Board on this matter.

It was **RESOLVED** that the China Update, including the development of the updated VIP business model, be noted.

Mr Murphy left the meeting.

**Minutes of Previous Meetings:**

It was **RESOLVED** that the Minutes of the Board Meetings held on 22 February 2017 be approved and the Written Resolutions dated 19 April 2017 be noted.

**CEO's Report:**

The CEO's Report was taken as read.

It was **RESOLVED** that the CEO's Report be noted.

**CFO's Report:**

**Management Accounts YTD March 2017:**

The Management Accounts was taken as read.

It was **RESOLVED** that the Management Accounts be noted.

**Review of Treasury Policy:**

Ken Barton was noted that the Treasury Policy had recently been reviewed in light of the various capital management initiatives underway.

In addition to the previously approved policies, it was noted that management were recommending that:

- the Treasury Policy be expanded to specifically extend approved treasury activity to the management of market risks (such are foreign exchange risk and equity pricing risk) which may be associated with the implementation of material transactions (such as acquisitions and disposals); and
- that the threshold for minimum fixed rate debt be reduced from 40% to 30% (subject to a maximum of 70%) which provides symmetry of 20% around a neutral hedge position of 50%.

It was **RESOLVED** that the updated Crown Treasury Policy and the delegation of authorities as outlined in the Policy be approved.

**Investor Relations Report:**

The report was taken as read.

It was **RESOLVED** that the Investor Relations Report be noted.

**Committees:*****Draft Minutes of Meeting of the Nomination and Remuneration Committee held on 21 March 2017:***

The draft Minutes were taken as read.

It was **RESOLVED** that the Draft Minutes of Meeting of the Nomination and Remuneration Committee held on 21 February 2017 be noted.

***Draft Minutes of Meeting of the Finance Committee held on 28 March 2017***

The draft Minutes were taken as read.

It was **RESOLVED** that the Draft Minutes of Meeting of the Finance Committee held on 28 March 2017 be noted.

***Draft Minutes of Meeting of the Responsible Gaming Committee held on 10 April 2017:***

The draft Minutes were taken as read.

It was **RESOLVED** that the Draft Minutes of Meeting of the Responsible Gaming Committee held on 10 April 2017 be noted.

***Draft Minutes of Meeting of the Corporate Social Responsibility Committee held on 10 April 2017:***

The draft Minutes were taken as read.

It was **RESOLVED** that the Draft Minutes of Meeting of the Corporate Social Responsibility Committee held on 10 April 2017 be noted.

**Other Business:*****Resignation of Benjamin Brazil:***

It was **RESOLVED** that the resignation of Benjamin Brazil as a director of Crown, with effect from 12 April 2017 be noted.

***Changes to Board Composition:***

John Alexander noted that with Rowen Craigie and Ben Brazil having both resigned from the Crown Board, a review of Committee membership has been undertaken.

It was noted that Helen Coonan had kindly agreed to take on the role of Chair of the Audit and Corporate Governance Committee.

It was **RESOLVED** that Crown's Committee membership be updated as set out in the paper presented to the Board.

**2014 LTI Plan – Waivers for ‘Good Leavers’:**

Mary Manos noted that as part of the Crown restructure, a number of employees who are participants in the 2014 Crown Resorts Long Term Incentive Plan (Plan) have been made redundant and that under the rules of Crown’s 2014 Long Term Incentive Plan, it was open to the Board to resolve that shares held on trust for certain redundant participants be transferred to them when they leave the employment of Crown.

*Debra Tegoni and Matthew Stevens*

Pursuant to Article 9.1(c) of the Rules of the 2014 Crown Resorts Long Term Incentive Plan, having been satisfied that the proposed transfer will not result or be likely to result in the payment of an Unlawful Termination Benefit to Debra Tegoni or Matthew Stevens, it was **RESOLVED** that the Board determine that 23,356 Participant Shares held by the Trustee for Debra Tegoni and 10,759 Participant Shares held by the Trustee for Matthew Stevens are not required to remain in trust until the end of Plan Year 4 and accordingly that:

1. the release of the 23,356 Participant Shares to Debra Tegoni upon cessation of her employment and the release of the 10,759 Participant Shares to Matthew Stevens is approved;
2. the Board instruct the Trustee to transfer to Debra Tegoni the 23,356 Participant Shares held by the Trustee for her benefit as soon as reasonably practicable after the cessation of her employment;
3. the Board instruct the Trustee to transfer to Matthew Stevens the 10,759 Participant Shares held by the Trustee for his benefit as soon as reasonably practicable after this resolution is passed; and
4. the Company Secretary is authorised and directed to take all such action as may be required in connection with the transfer of Participant Shares including communicating to the Trustee on behalf of the Board the Board's instructions.

*Michael Neilson*

Pursuant to Article 9.1(a) of the Rules of the 2014 Crown Resorts Long Term Incentive Plan, it was noted that the termination of Mr Michael Neilson’s employment was “without cause” and that 54,613 Participant Shares held on trust for Mr Neilson remain in trust for Mr Neilson until the end of Plan Year 4 of the Plan Rules.

**Subordinated Notes for Quarterly Report:**

It was noted that:

- pursuant to the terms of each of Crown's Subordinated Note issues, Crown must provide the Note Trustee with a Quarterly Report containing the information required by section 283BF of the *Corporations Act 2001* (Cth); and
- The Quarterly Reports must be made in accordance with a resolution of the directors.

Mary Manos tabled the draft Quarterly Reports for the period ended 31 March 2017.

It was **RESOLVED** that:

1. the Quarterly Reports in respect of Notes I and Notes II in relation to the period from 1 January 2017 to 31 March 2017 be approved;
2. the Company Secretary cause the Quarterly Reports to be lodged with the Australian Securities and Investments Commission (**ASIC**); and
3. a copy of the Quarterly Reports lodged with ASIC be provided to Australian Executor Trustees Limited (in its capacity as Trustee of the Crown Subordinated Notes issues).

**Cyber Update:**

Ken Barton presented Cyber Update, providing a brief summary of what Cyber Risk means for Crown, the legislative landscape and the processes Crown has in place to mitigate this risk.

It was noted that with greater reliance on technology, Cyber Security is becoming an increasingly important aspect of company risk profiles and that the Australian Securities and Investments Commission had identified Cyber Risk as a focus area for directors.

John Horvath informed the Board that representatives of ASIO had made an offer to conduct a review of Crown processes and that Joshua Preston (Crown's CLO – Australian Resorts) would progress this opportunity.

It was **RESOLVED** that Management continue to progress its Cyber Security Program, complete the Cyber insurance review and report as appropriate to the Risk Management Committee.

**Aircraft Lease:**

It was noted that:

- in February 2017, the Finance Committee and the Crown Melbourne Board approved a proposal to enter into a sale and leaseback arrangement in relation to the Bombardier Global XRS Aircraft (Serial No. 9300) owned by Crown Melbourne;
- Subsequent to those approvals, an alternative structure had been adopted to address certain technical requirements of the US Federal Aviation Administration; and
- As a result of the amended structure, updated approvals were required, it being noted that the commercial elements of the transaction had not changed.

Accordingly, it was proposed that the Company enter into each document (howsoever named) listed in the Schedule (the **Transaction Documents**) to which the Company is expressed to be a party relating to the lease of one Bombardier Global Express XRS aircraft with manufacturer's serial number 9300 (**Aircraft**) and a power of attorney appointing each person named as attorney in the power of attorney, jointly and severally to execute the Transaction Documents as attorney for the Company (**Power of Attorney**).

It was **RESOLVED** that:

- (a) the terms of and the transactions contemplated by the Transaction Documents are approved;
- (b) the Power of Attorney be executed and delivered on behalf of the Company by two directors, or one director and a company secretary, pursuant to section 127 of the Corporations Act 2001 (Cth);
- (c) each Transaction Document to which the Company is expressed to be a party be executed and delivered on behalf of the Company by an attorney under the Power of Attorney, or by two directors, or one director and a company secretary, pursuant to section 127 of the Corporations Act 2001 (Cth);
- (d) each Director and Secretary of the Company and each attorney under the Power of Attorney be appointed severally as signatories of the Company and be authorised severally to be authorised to do everything that is required to be, or capable of being, done by the Company (including, but not limited to, certification, execution and delivery of documents) under the Transaction Documents; and

- (e) each Director and Secretary of the Company and each attorney under the Power of Attorney, acting individually or jointly, is authorised to:
- (i) finalise the terms of the Transaction Documents;
  - (ii) sign any other document, certificate or notice to be sent by the Company in connection with the Transaction Documents; and
  - (iii) take any other action necessary or desirable in connection with the transactions contemplated by the Transaction Documents or any of the above resolutions.

***Future meetings:***

The Board noted the 2017 Meeting Schedule.

**Ellerston Update:**

Representatives of Consolidated Press Holdings left the room.

Helen Coonan provided an update on the Ellerston sale process to the non-conflicted directors.

It was noted that:

- Commercially, the Ellerston sub-committee agrees that selling the property is in line with Crown's current strategic objectives;
- The sub-committee was in the process of obtaining a new valuation of Ellerston and is in the process of obtaining a separate sign-off on related party issues;
- Based on the first draft of the Valuation Report, the value had not moved much since Crown's acquisition because the value is predominantly in the improvements and not the land (which will typically go down in value rather than up);
- The valuer had been requested to update the draft Valuation Report to expand on this aspect as well as movements in the market (if any) including international interest;
- Apart from the underlying value, there are other factors to think about from Crown's perspective, such as the fact that there is only one natural buyer;


- The sub-committee will be looking for a price which seeks to recover some of the holding and other costs which have been incurred by Crown to date in relation to this investment;
- The sub-committee is mindful of the fact that this is a related party transaction and consequently the "arm's length" exception will need to be satisfied; and
- As part of the arrangements, Crown will need to negotiate an appropriate access arrangement which will satisfy obligations in relation to Crown Sydney.

Helen Coonan noted that the sub-committee will need to reconvene on at least one further occasion post receipt of an updated final Valuation Report to formulate a recommendation which Crown management can then put to Consolidated Press Holdings to negotiate.

It was **RESOLVED** that the Ellerston Update be noted.

**Closure:**

There being no further business, the meeting was declared closed at 11.40am.



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Chairman

**TRANSACTION DOCUMENTS**

- (1) an aircraft operating agreement between Wilmington Trust Company as owner trustee, the Company and Consolidated Press Holdings Pty Ltd (**CPH**) in relation to one Bombardier Global Express XRS aircraft with manufacturer's serial number 9300 (the **Aircraft**);
- (2) any acceptance certificate executed under the above aircraft operating agreement;
- (3) a deed of undertaking between Australia and New Zealand Banking Group Limited, the Company and CPH;
- (4) a trust agreement between the Company, CPH and Wilmington Trust Company;
- (5) any trust agreement supplement between the Company, CPH and Wilmington Trust Company as owner trustee;
- (6) any consent or agreement by an airframe or engine manufacturer in relation to the assignment of manufacturer's warranties for the Aircraft, and any other consent, supplement or document in connection with any maintenance program or contract relating to the Aircraft, any engine or auxiliary power unit;
- (7) any bill of sale, purchase invoice or other document of title relating to the Aircraft;
- (8) any forms, consents or other documents required for registration with the FAA or the International Registry or any other registration or filing required in connection with the Aircraft or the transactions contemplated by the above documents;
- (9) any other document or notice referred to in the above documents;
- (10) any other agreements, deeds or other documents which amend, vary or restate the documents referred to in the above documents;
- (11) any document, whether or not of the same kind as those listed above, which in the opinion of a Director of the Company or an Attorney is necessary or expedient for giving effect to the provisions of the above documents; and
- (12) any other document which is incidental to, related to, ancillary or supplemental to, or necessary or desirable to be entered into in connection with, any of the above documents or the transactions contemplated by them including, without limitation, any consent, acknowledgment or designation.