



Crown Resorts Limited (ABN 39 125 709 953)

Meeting of the Board of Directors held on Wednesday 21 February 2018 at
10.00am at Garden Room 1, Level 1, Crown Towers, 8 Whiteman Street,
Southbank, Victoria

Present: John Alexander (Chairman)
Helen Coonan
Andrew Demetriou
Geoff Dixon
John Horvath
Michael Johnston
James Packer (by telephone)

Mary Manos (Secretary)

By invitation: Mark Arbib (CPH)
Ken Barton
Karl Bitar (by telephone)
Andy Carr
Barry Felstead
Lauren Harris
Guy Jalland
Alan McGregor
Todd Nisbet

Apologies: Harold Mitchell

BUSINESS

Executive Chairman's Report:

The Executive Chairman's Report was taken as read.

Ken Barton advised the Board that:

- in relation to the proposed sale of the Company's interest in CrownBet for \$150 million, Matthew Tripp remained confident that the transaction would complete by the end of February 2018;
- to recoup the Company's cash investment in CrownBet, the Company would need to sell its interest for an amount in excess of \$75.5 million, however to recover all amounts invested or contributed in kind, as well as unpaid interest on loans, the price would need to be in excess of \$83.8m; and
- the sale of Crown's interest in Ellerston completed on 2 February 2018.

It was noted that the decision in *Guy v Crown Melbourne Ltd & Aristocrat* had been handed down on 2 February 2018 with Her Honour finding that the features of the Dolphin Treasure EGM were are not misleading or deceptive and that the allegation of unconscionability was not made out.

Barry Felstead provided the Board with an update on matters currently under review by the Victorian Commission for Gambling and Liquor Regulation (VCGLR).

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

Trading Update:

Ken Barton spoke to the Trading Update for the Group noting that the EBITDA is tracking ahead of budget, with strong results in the VIP business.

Barry Felstead provided the Board with an update on a number of initiatives at Crown Melbourne and Crown Perth, including in relation to the installation of Dragon Link electronic gaming machines at Crown Melbourne.

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

REDACTED - PRIVILEGE



REDACTED - PRIVILEGE

Capital Management:**Buy-backs:**

The Buy-backs paper was taken as read.

Ken Barton highlighted the Company's improved financial position, outlook and capital structure following a number of capital management initiatives and transactions over the past 12 to 18 months and advised that the on-market share buy-back approved by the Board in August 2017 still remains the most attractive capital management option for the Company, with Management recommending the re-commencement of the on-market share buy-back and Subordinated Notes I buy-back following the release of the Company's Half Year Results.

It was noted that:

- (a) **(On-market Share Buy-back)** at its meeting on 3 August 2017, the Board approved the On-market Share Buy-back, being the proposal to undertake an on-market buy-back of up to 29,338,419 ordinary shares, which was announced to ASX on 4 August 2017 with an Appendix 3C notice (*Announcement of buy-back*) lodged with ASX on the same date;

- (b) **(Current status)** no shares have been bought back since the On-market Share Buy-back was announced and the Company has capacity to acquire 29,338,419 shares under the On-market Share Buy-back;
- (c) **(Proposal to recommence On-market Share Buy-back)** the Company proposes to recommence the On-market Buy-back on 23 February 2018, after the half-year results are released. The notifications required to be given to ASIC (including a Form 281 lodged on 21 December 2017) and FIRB have already been made to enable the Company to undertake the On-market Share Buy-back on and from this date; and
- (d) **(Insider trading prohibition)** the Company must not make offers to buy-back any shares under the On-market Share Buy-back at any time while the Company is in possession of inside information in relation to the Company's shares and the Board previously resolved to implement a process to ensure that the Company does not buy-back shares while in possession of inside information.

Having regard to the above, the Board **RESOLVED** that the recommencement of the On-market Share Buy-back is approved to take place after the release of the Company's results for the 31 December 2017 half-year, and the Buy-back Committee appointed at the August 2017 Board Meeting (comprising Mr Ken Barton, Mr Geoff Dixon and Ms Helen Coonan) **(Buy-back Committee)** continue to be authorised to manage and confirm the logistics of the On-market Share Buy-back including determining the relevant price per share at which the shares will be bought back (which will be subject to a maximum price set by the Board other than the CPH nominee directors, and must be no more than the maximum price permitted under the ASX listing rules), confirming whether the Company is in possession of inside information and approving information set out in any forms to be lodged with ASIC or ASX.

It was also noted that:

- (a) **(Notes I Buy-back)** the Company has been undertaking a buy-back of Subordinated Notes I (**Notes I**) from 6 March 2017 (**Notes I Buy-back**) with weekly updates given to ASX in relation to the number of Notes acquired and the number of Notes remaining on issue;
- (b) **(Current status)** as at the date of the meeting, 1,276,329 Notes have been bought back and 4,043,371 Notes I remain outstanding on issue;
- (c) **(Proposal to recommence Notes I Buy-back)** the Company proposes to recommence the Notes I Buy-back on 23 February 2018, after the half-year results are released. No notifications or filings are required to be made to ASX, ASIC or FIRB in relation to recommencing the Notes I Buy-back; and
- (d) **(Insider trading prohibition)** similar to the On-market Share Buy-back, the Company must not buy-back any Notes I under

the Notes I Buy-back at any time while the Company is in possession of inside information in relation to Notes I and a process was put in place to ensure that the Company does not do so.

Having regard to the above, the Board, **RESOLVED** that:

- **(recommencement of the Notes I Buy-back)** the recommencement of the Notes I Buy-back is approved to take place after the release of the Company's results for the 31 December 2017 half-year, and the Buy-back Committee (comprising the same members as noted above) continue to be authorised to manage and confirm the logistics of the Notes I Buy-back including determining the relevant price per Note at which the Notes I will be bought back (which will be subject to a maximum price set by the Board), confirming whether the Company is in possession of inside information and approving information set out in any forms to be lodged with ASIC or ASX;
- **(Maximum Price – Notes I Buy-back)** for the purposes of the Notes I Buy-back, having regard to the Buy-backs paper, the maximum price payable per Note will be will be \$102.22

Cancellation of Facilities:

The paper with respect to this item was taken as read.

Ken Barton advised the Board that Management has recommended the cancellation of the Company's A\$250 million Syndicated Bank Facility, having regard to the Company's forecast liquidity should the divestment of Crown's interest in CrownBet proceed.

It was **RESOLVED** that, subject to completion of the sale of the Company's interest in CrownBet and receipt of the remaining \$120 million from CrownBet at completion, the cancellation of the Company's A\$250 million Syndicated Bank Facility be approved.

Key Development Matters:

Sydney Update:

Todd Nisbet advised that construction of Crown Sydney is proceeding on schedule and noted the following:

- 73.1% of trade values for Crown Sydney are under contract;
- negotiations with the Barangaroo Development Authority remain protracted;
- residential marketing activities are underway using a staged release strategy focussing on the high value prestige apartments; and

- the residential sales breakdown slide, highlighting that the listed prices are based on preliminary discussions with potential investors and are therefore uncertain and accordingly it is appropriate that the \$800 million expected sales proceeds for the project remain unrevised at this early stage.

One Queensbridge Update:

Todd Nisbet advised the Board that the Company is continuing to seek a third party equity investor for the One Queensbridge project and noted the following:

- Schiavello has recently been through a corporate restructure, with Peter Schiavello the newly appointed Managing Director, resulting in a change in risk profile and investment appetite;
- the Company may need to consider alternative means of restructuring the project; and
- planning approval for the project requires construction to commence by February 2019.

Alon Update:

Todd Nisbet noted that the sale of the Alon land completed on 26 January 2018 (US time) and provided an update in relation to the YWS litigation, noting that a security and litigation bond was obtained to remove the YWS lien from the property to enable the Company to complete the sale of the land to Wynn Resorts.

Japan Update:

The Japan Status Update was noted.

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

Results for the Half Year ended 31 December 2017:

Draft Results Presentation and ASX Announcement:

Ken Barton led a page turn of the draft Half Year Results Presentation.

Ken Barton outlined the process for announcing and presenting the Company's Half Year Results and advised the Board that any comments on the draft Results Presentation and ASX Announcement be provided to Mary Manos by no later than 5:00pm.

It was **RESOLVED** that the Results Presentation and ASX Announcement be approved for release (subject to any amendments suggested by the Board) and subject to final approval by the Executive Chairman.

Draft Minutes of Meeting of Audit and Corporate Governance Committee held 14 February 2018:

The draft minutes were taken as read.

Helen Coonan highlighted the doubtful debts provision as well as the significant items in the Half Year Results, noting the Alon impairment reversal and the restructuring/China costs.

It was **RESOLVED** that the draft minutes of meeting of the Audit and Corporate Governance Committee held on 14 February 2018 be noted.

Accounting issues:

The Accounting Issues paper was taken as read.

It was **RESOLVED** that:

- the Accounting Issues Report be noted; and
- the proposed accounting treatments and valuations referred to in that Report be approved.

Dividend Recommendation:

Helen Coonan noted that the Audit and Corporate Committee had:

- considered the interim dividend recommendation of 30 cents per share franked at 60%;
- confirmed the Corporations Act requirements were satisfied to declare an interim dividend for HY18; and
- recommended the declaration of the interim dividend.

Subject to finalisation of the Appendix 4D and on the basis that, immediately before the dividend is declared and, at the proposed date of payment:

- the proposed dividend will be paid out of the Company's current year profits;
- the current year profits from which the proposed dividend is to be paid have not been appropriated for any other purpose, including against accumulated prior year losses (if any) of the Company;
- the proposed dividend will not be debited against an amount standing to the credit of the Company's share capital account;
- the Company's assets will exceed its liabilities and the excess will be sufficient for the payment of the proposed dividend;

- the proposed dividend payment is considered by the Board to be fair and reasonable to the Company's shareholders as a whole; and
- the proposed dividend payment will not materially prejudice the Company's ability to pay its creditors,

it was **RESOLVED** that:

- (a) an interim dividend of 30 cents per ordinary share be declared and paid, out of the Company's current year profits as at 31 January 2018, on 4 April 2018;
- (b) the dividend be franked to 60%;
- (c) no part of the unfranked portion of the dividend be paid from conduit foreign income; and
- (d) the dividend be paid to the holders of ordinary shares on the register of members as at 21 March 2018.

ASX Appendix 4D:

Ken Barton confirmed that the Audit and Corporate Governance Committee had closely reviewed the draft Appendix 4D and recommended that it be approved by the Board and that Ernst & Young had indicated that it would provide an unqualified audit opinion in relation the HY18 accounts.

It was **RESOLVED** that the draft Appendix 4D be approved (subject to any amendments suggested in the meeting and agreed to by the Board) and subject to final approval by the Executive Chairman.

It was **RESOLVED** that, in the opinion of the Directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001 including that they:
 - (i) give a true and fair view of the consolidated entity's financial position as at 31 December 2017 and the performance for the half-year ended 31 December 2017; and
 - (ii) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

It was further **RESOLVED** that any one director (**Authorised Director**) be authorised to make the above declarations for and on behalf of the Board.

It was **RESOLVED** that the Authorised Director is authorised to sign the Directors' Report for and on behalf of the Board.

Draft Minutes of Meeting of the Board and Written Resolutions:

It was **RESOLVED** that the Minutes of the Board Meetings held on 13 December 2017 and 13 February 2018 be approved.

It was also **RESOLVED** that the Written Resolutions of the Board dated 29 January 2018 be noted.

Matters Arising:

The matters arising paper was taken as read and it was noted that the pricing analysis in relation to the sale of the Company's interest in CrownBet was addressed at agenda item 1.

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 January 2018:

The Management Accounts YTD January 2018 were taken as read.

It was **RESOLVED** that the Management Accounts YTD January 2018 be noted.

Treasury and Compliance Update:

The Treasury and Compliance Update was taken as read.

It was **RESOLVED** that the Treasury and Compliance Updated be noted.

Investor Relations Report:

The Investor Relations Report was taken as read.

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

Committees:

Draft Minutes of Meeting of the Risk Management Committee held on 13 February 2018:

The draft minutes were taken as read.

It was **RESOLVED** that the draft minutes of meeting of the Risk Management Committee held on 13 February 2018 be noted.

Mary Manos advised the Board that on the request of the Committee, the number of Risk Management Committee meetings has increased from two to four per year.

Draft Minutes of Meeting of the Occupational Health and Safety Committee held on 14 February 2018:

The draft minutes were taken as read.

It was **RESOLVED** that the draft minutes of meeting of the Occupational Health and Safety Committee held on 14 February 2018 be noted.

Draft Minutes of Meeting of the Responsible Gaming Committee held on 14 February 2018:

The draft minutes were taken as read.

It was **RESOLVED** that the draft minutes of meeting of the Responsible Gaming Committee held on 14 February 2018 be noted.

Draft Minutes of Meeting of the Nomination and Remuneration Committee held on 16 February 2018:

The draft minutes were taken as read.

It was **RESOLVED** that the draft minutes of meeting of the Nomination and Remuneration Committee held on 16 February 2018 be noted.

Review of Charters:

The Review of Charters paper was taken as read.

Mary Manos noted that:

- the proposed amendments to the independence test in the Board Charter reflect the current independence test included in the ASX Corporate Governance Principles and Recommendations; and
- the proposed amendments to the Committee Charters of each of the Company's Board Committees are minor administrative amendments.

Having reviewed and considered the proposed amendments, it was **RESOLVED** that the revised Board Charter and the Committee Charters of each of the Company's Board Committees be approved in the form, or substantially in the form, attached to the paper with respect to this item.

Other Business:

Occupational Health and Safety Performance HY18:

The Occupational Health and Safety Performance HY18 paper was taken as read.

It was **RESOLVED** that the Occupational Health and Safety Performance HY18 paper be noted.

Review of Political Donations Policy:

The paper with respect to this item was taken as read.

It was noted that following commentary at the Company's Annual General Meeting, management had undertaken a review of Crown's Political Donations Policy.

John Alexander expressed the view that it is important that the Company support the democratic political process through donations to the major political parties.

Having reviewed the Political Donations Policy of the Company, it was noted that Management's recommendation was the monetary thresholds in the Crown Political Donations Policy remain appropriate.

It was **RESOLVED** that:

- the monetary thresholds in the Political Donations Policy remain unchanged; and
- the minor amendments to the Political Donations Policy as set out in the paper with respect to this item be approved.

Future Meetings:

The Board noted the future meeting dates, including the revised time of the September 2018 Board meeting.

Buy-backs (continued)

Representatives from Consolidated Press Holdings left the room.

Ken Barton noted that:

- the directors, other than the CPH nominee directors, would be required to set a price ceiling for buying-back Company shares for the purposes of the On-market Share Buy-back;
- the ASX Listing Rules provide that the purchase price must not be more than 5% above the volume weighted average price for Company shares, calculated over the last five days on which sale in the shares were recorded before the day on which the buy-back; and
- the volume weighted average price for Company shares, calculated over the last five trading days ending on 20 February 2018 was \$13.32 .

It was **RESOLVED** that, for the purposes of the On-market Share Buy-back, having regard to the above, the maximum price payable per share be set at \$13.32.

Closure:

There being no further business, the meeting was declared closed at 11.32am.

Signed as a correct record

A solid black rectangular box redacting the signature of the Chairman.

Chairman