



Crown Resorts Limited (ABN 39 125 709 953)

Meeting of the Board of Directors held on Wednesday, 21 June 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
Andrew Demetriou
Geoff Dixon
John Horvath (by telephone)
Michael Johnston
Harold Mitchell
Rob Rankin (by telephone)

Mary Manos (Secretary)

By invitation:

Mark Arbib (CPH)
Ken Barton
Barry Felstead
Lauren Harris
Guy Jalland (CPH)
Alan McGregor
Richard Murphy (Minter Ellison) (Agenda Item 5 only)
Todd Nisbet
James Packer (by telephone)

Apologies:

Karl Bitar

BUSINESS

Executive Chairman's Report:

The Executive Chairman's Report was taken as read.

John Alexander highlighted the following matters:

- That the Company is looking to grow EBITDA in FY18 to \$860 million;
- The proposal to bring forward the release of the full year results to minimise the suspension period of the on-market share buy-back and the subordinated notes buy-back;
- That four expressions of interest had been received in relation to the equity investment opportunity for the residential component of One Queensbridge;
- That the Company is continuing discussions regarding the potential adverse impact on the sightlines of Crown Sydney from the development of Central Barangaroo; and
- The proposal not to proceed with the sale of Capital Golf Club.

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

Trading and Restructuring Update: Ken Barton spoke to the Trading Update for the Group noting that the updated presentation included the Consolidated Profit & Loss statement up to 18 June 2017. It was noted that EBITDA overall is down largely due to the weakness in the Perth market, however it is expected that the Company will still achieve the EBITDA forecast of \$825 million for the current financial year.

Barry Felstead spoke to the Restructuring Process Overview noting that:

- Crown Melbourne is continuing its focus on gaming machines and has also entered into an agreement with Bowls Victoria to gain access to a database of approximately 260,000 members;
- Crown Perth is working with Seven West Media in relation to advertising offers;
- Crown Melbourne and Crown Perth are exploring ways to increase exposure to the local Asian market; and
- Crown Melbourne and Crown Perth currently have 202 indigenous employees, with 110 people at high retention rates.

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

Crown Resorts Limited Four Year Financial Plan (F18 to F21) and F18 Budget: Ken Barton spoke to the Four Year Financial Plan presentation and noted the intention to grow EBITDA in FY18 by \$35 million from \$825 million to \$860 million subject to a number of assumptions.

Mr Barton presented the EBITDA waterfall slide to the Board and noted that the chart shows the expected growth over the next 12 months, noting the increase expected in the VIP business at both properties as a result of the new operating model and at Aspinalls Club from the refurbishment.

Crown Melbourne

Barry Felstead spoke to the expected contributing factors to the increase in growth at Crown Melbourne, including the following:

- growth in table games with normalisation of hold rates;
- that Crown Melbourne will be granted access to the Betfair call centre which will allow the Company to market directly to the Betfair customer base;
- the growth in Food & Beverage is largely expected from Long Chim and other cost saving initiatives across venues; and
- the Company will maximise its partner relationships with Qantas and Virgin Australia in relation to hotels growth.

The Board discussed villa occupancy levels at Crown Towers and the expected energy price rise of approximately \$10 million.

Crown Perth

Mr Felstead spoke to the expected contributing factors to the increase in growth at Crown Perth which focus on a volume and value strategy, including the following:

- the offer of hotel and food & beverage packages to guests attending events at the stadium; and
- the proposal to provide discounted room rates at Crown Metropol to Chevron, BHP Billiton and Rio Tinto.

It was noted that the opening of the new Perth Stadium from H2 F18 is expected to assist revenue growth. Andrew Demetriou suggested that Crown Perth pitch to host the launch of the first AFL game in Western Australia in 2018.

Online and Wagering

Ken Barton noted that the digital businesses were now becoming more stable and predictable businesses and outlined the expected growth in earnings from each line of business.

In response to a question from Harold Mitchell, Ken Barton noted that the recent introduction of national wagering advertising restrictions is more likely to affect competitors than Crown.

Mr Barton updated the Board on the point of consumption tax regime recently introduced in South Australia. It was noted that Victoria and New South Wales are contemplating a similar point of

consumption tax which poses the biggest regulatory risk to the Company and its subsidiaries.

Mr Barton advised the Board that CrownBet and Betfair are working on a proposal in relation to the introduction of a national legislative framework to supersede any State based point of consumption tax.

Assumptions

Ken Barton noted the assumptions underlying the four year financial plan including the following:

- the increased capital expenditure for the possible acquisition of the Crown Melbourne staff car park land;
- changes in the forecast tax rate as a result of the Company's focus on Australia; and
- a conservative sale price for the Alon land for US\$200 million, notwithstanding that the land is being marketed for sale at a higher price;
- the sale of Caesars in FY18; and
- an increase in the on-market share buy-back to the 10% limit.

Harold Mitchell noted that management had characterised Victorian economic conditions as "benign" but noted his opinion that this represents a cautious position.

In response to a question from James Packer, Ken Barton noted that management were in the process of conducting a detailed review of capital expenditures at CrownBet and in particular, the capitalisation of software development costs, with a view to formulating a recommendation as to the treatment of these expenditures.

John Alexander noted that the Board will be provided with the opportunity to attend a four hour session at the CrownBet office following the September Board meeting to provide the Board with a deeper understanding of the online and wagering businesses.

Capital Management Plan Update: Ken Barton presented the update on the Capital Management Plan paper and noted that:

- in relation to the Subordinated Notes Buy-Back, buy-back activity is lower than expected as the Notes are trading at high prices and at low volumes;
- in May, the Company completed a tender process for the buy-back of the \$450 million Australian Medium Term Notes (AMTNs) maturing in 2019 with the Company buying-back

approximately \$191 million worth of AMTNs;

- the Crown Melbourne jet leases are to be terminated with effect from September 2017;
- a number of bank facilities and interest rate swaps have been cancelled;
- it is proposed that the on-market share buy-back as well as the subordinated notes buy-back be suspended during the upcoming blackout period to manage the Company's disclosure obligations and insider trading risk and that the full year results announcement be brought forward two weeks to reduce the time during which the Company is out of the market.

REDACTED - PRIVILEGE



REDACTED - PRIVILEGE



Key Development Matters:

Sydney Update:

Todd Nisbet noted that Crown Sydney is proceeding on schedule.

It was noted that James Packer has expressed an interest in the Crown Sydney apartments and that a residential sub-committee will be established to manage this expression of interest.

Mr Nisbet updated the Board in relation to the negotiations with the BDA over the sightline impacts of the current proposal for Barangaroo Central and noted that no formal response has been received from the BDA to date.

One Queensbridge Update:

Todd Nisbet noted that the Company received four non-binding expressions of interest on Monday, 19 June 2017 in relation to the residential equity funding component of the project with the expressions of interest less encouraging than expected.

Ken Barton updated the Board in relation to the debt funding component of the project and noted that the Company has re-engaged with a number of banks including, ANZ and Bank of China.

Mr Barton advised the Board of the recent measure announced by the Government in the 2017-2018 Federal Budget to impose a 50% cap on foreign ownership in new residential developments without specific Foreign Investment Review Board. It was noted that the application of this measure is still uncertain.

Alon Exit Progress: In relation to the proposed sale of the Alon land, Todd Nisbet noted that the Company had commenced the global marketing campaign to sell the land in April 2017 and that the land is being advertised at USD350-400 million.

It was also noted that the Fontainebleau Hotel is also on the market in Las Vegas.

Japan Update: Todd Nisbet noted that the Company is continuing discussions with key stakeholders in relation to a potential project in Yokohama.

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

Asset Sale Update: The Asset Sale Update was taken as read.

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 Management's recommendation not to proceed with the sale of Capital Golf Club was noted.

Draft Minutes of Meeting of the Board: It was **RESOLVED** that the Minutes of the Board Meetings held on 17 October 2016, 28 October 2016, 15 November 2016, 29 November 2016, 27 April 2017 and 5 May 2017 be approved.

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 May 2017: The Management Accounts were taken as read.
It was **RESOLVED** that the Management Accounts 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 6 November 2016 and 2 June 2017:***

The draft minutes were taken as read.

It was **RESOLVED** that the draft minutes of meeting of the Risk Management Committee held on 6 November 2016 and 2 June 2017 be noted.

Draft Minutes of Meeting of the Occupational Health and Safety Committee held on 2 June 2017:

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 2 June 2017 be noted.

Draft Minutes of Meeting of the Responsible Gaming Committee held on 2 June 2017:

The draft minutes were taken as read.

It was **RESOLVED** that the draft minutes of meeting of the Responsible Gaming Committee held on 2 June 2017 be noted.

Other Business:***Deed of Cross Guarantee:***

The following draft documents were taken as read:

- a revocation deed between the Company and 25 of its wholly-owned subsidiaries (all listed in the deed of cross guarantee dated 3 June 2008 as amended by assumption deeds dated 18 February 2011, 21 June 2012, 28 May 2013 and 22 May 2015) (**Existing Deed of Cross Guarantee**) (**Revocation Deed**);
- a notice to creditors by joint public advertisement (**Notice to Creditors**);
- a deed of cross guarantee between the Company, as holding entity, and 22 of its wholly-owned subsidiaries (all listed in the deed of cross guarantee) (**New Deed of Cross Guarantee**); and
- a solvency statement to be signed by a director of the Company (**Solvency Statement**).

It was noted that:

- the Company is a party to the Existing Deed of Cross Guarantee entered into pursuant to ASIC Class Order 98/1418 (**Class Order**);
- in September 2016, ASIC replaced the Class Order with ASIC Instrument 2016/785 (**ASIC Instrument**) and issued a revised ASIC Pro Forma deed of cross guarantee;
- in order to add a new company to the Existing Deed of Cross Guarantee, the Existing Deed of Cross Guarantee must either be amended to reflect the revised ASIC Pro Forma 24 deed of

cross guarantee or a new deed must be executed in the form of the revised ASIC Pro Forma 24 deed of cross guarantee;

- two new Crown Group entities will be required to obtain relief under the ASIC Instrument for the 2017 financial year and it is therefore proposed that the Existing Deed of Cross Guarantee be revoked in its entirety by the Revocation Deed, and 20 of the entities under the Existing Deed of Cross Guarantee (excluding the Company) together with the two new Crown Group entities which were not previously parties to the Existing Deed of Cross Guarantee enter into the New Deed of Cross Guarantee;
- the following five entities which are parties to the Existing Deed of Cross Guarantee will not, after execution of the Revocation Deed, enter into the New Deed of Cross Guarantee:
 - (a) Crown Gateway Luxembourg Pty. Limited ACN 156 299 133;
 - (b) Flienn Pty Ltd ACN 122 556 656;
 - (c) Jade West Entertainment Pty Ltd ACN 068 580 610;
 - (d) Pennwin Pty. Limited ACN 086 229 012; and
 - (e) Renga Pty Limited ACN 120 177 184.

Having regard to the above, it was **RESOLVED** that:

- the Revocation Deed, in the form produced to the meeting or in any other form approved by any director of the Company, is hereby approved;
- in the opinion of the directors, 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 is for the benefit of the Company to execute the New Deed of Cross Guarantee
- the New Deed of Cross Guarantee, in the form produced to the meeting or in any other form approved by any director of the Company, is hereby approved;
- any two directors or a director and secretary of the Company be authorised to execute the Revocation Deed and the New Deed of Cross Guarantee;
- the Solvency Statement is hereby approved and any one director of the Company be authorised to sign the Solvency Statement on behalf of the Board; and
- each of the directors and secretaries are separately authorised to take all steps necessary, including arranging for the publication of the Notice to Creditors, and to execute and lodge with ASIC such forms and documents as are necessary or desirable to give effect to the above resolutions.

Board Changes:

Mary Manos noted that Michael Neilson would be stepping down from his current role on 30 June 2017, but would remain with the Crown Group for a transitional period of time thereafter and that he would cease to be a director and/or secretary of all Crown Group companies.

It was noted that the Company had received a written resignation from Michael Neilson as secretary of the company with effect from 30 June 2017 and that the Company will be required to lodge an announcement with ASX upon his resignation becoming effective.

It was **RESOLVED** that the resignation of Michael Neilson as secretary of the Company with effect from 30 June 2017 be noted.

It was also noted that Rob Rankin had expressed an intention to resign as a director of the Company to facilitate the appointment of Guy Jalland as a nominee director of Consolidated Press Holdings.

John Alexander thanked Rob for his efforts and his contribution to the Company.

2017 Meeting Schedule:

Ken Barton advised the Board of Management's intention to bring forward the release of the full year results by two weeks to minimise the suspension of the on-market share buy-back and the subordinated notes buy-back during the blackout period.

The Board confirmed the following timetable in relation to the full year results:

Event	Date
Audit and Corporate Governance Committee	Monday, 31 July 2017
Board Meeting to Approve Full Year Results	Thursday, 3 August 2017
Full Year Results Announcement	Friday, 4 August 2017

The Board noted the remainder of the 2017 Meeting Schedule.

Ellerston Update:

Representatives of Consolidated Press Holdings left the room.

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

Ken Barton and Helen Coonan advised the directors of the


following:

- that the value of Ellerston has not moved much since Crown's acquisition because the value is predominantly in the improvements and not the land and noted that the current valuation as provided by the valuer is \$125 million;
- the constraints relating to the sale, including that the property is held through a trust and the Company will be selling its 50% interest in the trust, not the land, which includes restrictions on the Company's disposal of its interest including the requirement for Consolidated Press Holdings to consent to an incoming purchaser;
- that the Company has further funded approximately \$5.5 million to Ellerston, so a sale price of between \$60 to \$65 million would recover some of the holding and other costs which have been incurred by the Company to date in relation to this investment;
- there have been initial commercial discussions between the Company and Consolidated Press Holdings regarding ongoing access arrangements to Ellerston so as to allow the Company to continue to meet its obligations to the New South Wales Government in relation to Crown Sydney;
- benchmark rates to access golf courses of the equivalent standard are approximately \$15,000 per day and Management will propose a discounted access rate of \$5,000 per day for 100 days per year prepaid for five years; and
- that as the proposed sale is a related party transaction, the Company will obtain appropriate legal advice in relation to the sale and the access arrangements.

It was noted that there had been some delay in progressing the draft transfer documentation as CPH are in the process of considering the most appropriate structure should they acquire Crown's interest and that it is proposed that the next time the sub-committee meets, it is presented with a full set of draft documentation, a briefing note and a recommendation to put to the Board.

Closure:

There being no further business, the meeting was declared closed at 12.11pm.



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Chairman