



Crown Resorts Limited (ABN 39 125 709 953)

Meeting of the Board of Directors held on Wednesday 13 December 2017 at
10.00am at M1, Level 1, Crown Conference Centre, 8 Whiteman Street,
Southbank, Victoria

Present:

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

Mary Manos (Secretary)

By invitation:

Mark Arbib (CPH) (by telephone)
Ken Barton
Karl Bitar (by telephone)
Andy Carr
Barry Felstead
Lauren Harris
Guy Jalland
Alan McGregor
Richard Murphy (Minter Ellison) (Agenda Item 3 only)
Joshua Preston (Agenda Item 3 only)
Todd Nisbet

Apologies:

BUSINESS

Executive Chairman's Report: The Executive Chairman's Report was taken as read.

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 updated presentation included the Consolidated Profit & Loss Statement up to 10 December 2017. It was noted that NPAT and EBITDA were ahead of budget and that there have been good VIP volumes.

Barry Felstead noted the following:

- Crown Melbourne and Crown Perth had been utilising the Betfair call centre in the Northern Territory to make outbound calls to customers with a conversion rate of approximately 12%;
- Crown Melbourne has the largest single site installation of Lightning Link poker machines in the world, with 260 machines on the floor, and is expecting to launch Dragon Link poker machines in February 2018. Crown Perth is considering installing these machines in the 2019 Financial Year however the machines will require modifications to comply with WA regulations; and
- the Company had received a fine of \$150,000 from the VCGLR in relation to clerical and administrative errors in relation to junket paperwork with no right of appeal in relation to the fine.

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

REDACTED - PRIVILEGE



REDACTED - PRIVILEGE



Transaction Updates:

CrownBet:

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

Ken Barton provided the Board with an update in relation to recent discussions with the Tripp Group and noted that CrownBet has until 29 December 2017 to enter into a binding sale and purchase agreement for the purchase of the Company's 62% interest in CrownBet for \$150 million.

Mr Barton advised that the Tripp Group had indicated that it had funding in place to provide the \$30 million deposit by 29 December 2017.

It was **RESOLVED** that:

- the Transaction (as defined in the paper with respect to this item) be approved and, in the event that the Transaction does not proceed, the Equity and Debt Realignment (as defined in the paper with respect to this item) be approved; and
- to the extent that the Company is a party to any transaction documents, any two directors or a director and company secretary be authorised to execute any documents and do any act, matter or thing, including the appointment of powers of attorney, necessary or desirable in connection with the Transaction or the Equity and Debt Realignment.

John Horvath requested that Management undertake a breakeven price analysis to determine the minimum price the Company would be willing to accept from the Tripp Group for the sale of the Company's interest in CrownBet before proceeding with the Equity and Debt Realignment option.

Alan:

Todd Nisbet advised the Board of the following:

- the Company had previously received a highly conditional offer, subject to finance, from Maven Universal to acquire the

Alon land for a purchase price of US\$340 million, however discussions with Maven Universal had since ceased;

- subsequently, on 22 November 2017, the Company received an unsolicited offer from Wynn Resorts to acquire the Alon land for a purchase price of US\$300 million;
- if the Company proceeds with the sale of land to Wynn Resorts, the sale would be subject to due diligence which is to be completed by Wynn Resorts by 20 January 2018;
- Oaktree Capital Management is required to provide its consent to the sale of the Alon land and has verbally indicated that it will provide its consent; and
- it is anticipated that the Board will be provided with a detailed paper and circular resolutions in the coming days to consider, and if thought fit, approve the sale of the Alon Land to Wynn Resorts for US\$300 million.

Caesars:

Ken Barton provided the Board with an update in relation to the proposed on-market sale of the Company's shares in Caesars which was approved by the Board by written resolution on 4 December 2017. It was noted that the Company was still awaiting receipt of the shares.

Ellerston:

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

Ken Barton advised the Board that the agreements in relation to the sale of Crown's interest in Ellerston were signed on 29 November 2017. He noted that CPH had received FIRB approval and the transaction is due to complete on 31 January 2018.

Crown Sydney Apartments:

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

Key Development Matters:

Sydney Update:

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

- the Capital Investment Profile for Crown Sydney remains unchanged;
- other than the proposed sale of two floors to James Packer, the Company has received one expression of interest in

relation to a full floor of Crown Sydney;

- residential marketing materials are being finalised, with the stage two marketing expected to commence in 2018; and
- following the February 2018 Board meeting, the Directors would be invited to view the Crown Sydney hotel mock-ups at the Projects Office in Melbourne.

Mr Nisbet provided the Board with an update on the negotiations with the BDA in relation to the Barangaroo sightlines and noted that further meetings are scheduled to be held over the coming week.

One Queensbridge Update:

Todd Nisbet noted that the Company has met with Schiavello to discuss potential scenarios to restructure the residential component of One Queensbridge, including the possibility of incorporating a portion of serviced apartments.

The Board discussed the current economy and a possible exit strategy if the project does not proceed.

Japan Update:

Todd Nisbet noted that it is unlikely that a decision on investing in Japan would be required until late 2018.

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

CEO's Report:

The CEO's Report was taken as read.

Geoff Dixon noted the terrorism risk level for Crown Melbourne which had been assessed as significant. Barry Felstead advised that the Company has implemented a number of additional security measures at Crown Melbourne including the installation of bollards at certain locations around the property, random patron bag screening and increased security patrols.

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

Investor Relations Report

The Investor Relations Report was taken as read.

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

Draft Minutes of Meeting of the Board and Written Resolutions:

It was **RESOLVED** that the Minutes of the Board Meetings held on 19 October 2017, 25 October 2017, 21 November 2017 and 29 November 2017 be approved.

It was also **RESOLVED** that the Written Resolutions of the Board dated 24 July 2017, 7 November 2017 and 4 December 2017 be noted.

Matters Arising:

John Horvath noted that consideration of the interaction between the self-exclusion programs at Crown Melbourne and Crown Perth was progressing.

Draft Minutes of Annual General Meeting held on 26 October 2017:

It was **RESOLVED** that the Minutes of the Annual General Meeting held on 26 October 2017 be approved.

Committees:***Draft Minutes of Meeting of the Risk Management Committee held on 16 November 2017:***

The draft minutes were taken as read.

It was **RESOLVED** that the draft minutes of meeting of the Risk Management Committee held on 16 November 2017 be noted.

Draft Minutes of Meeting of the Occupational Health and Safety Committee held on 16 November 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 16 November 2017 be noted.

Draft Minutes of Meeting of the Responsible Gaming Committee held on 16 November 2017:

The draft minutes were taken as read.

It was **RESOLVED** that the draft minutes of meeting of the Responsible Gaming Committee held on 16 November 2017 be noted.

Draft Minutes of Meeting of the Nomination and Remuneration Committee held on 21 November 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 November 2017 be noted.

Other Business:

- Board Committee Composition:** The Board Committee Composition paper was taken as read.
- It was **RESOLVED** that John Horvath be appointed as Chair of the Occupational Health and Safety.
- Crown Group Subsidiary Annual Reviews:** The Crown Group Subsidiary Annual Reviews paper was taken as read.
- It was noted that Board Meetings for all relevant subsidiaries would be held with the resolutions annexed to the paper with respect to this item to be passed at those meetings.
- 2018 Meeting Dates:** The Board noted the 2018 Meeting Dates.
- Crown Sydney Apartments:** Representatives from Consolidated Press Holdings left the meeting.
- The Crown Sydney Apartment paper was taken as read.
- Helen Coonan and Todd Nisbet advised the Board that:
- The terms of the proposed transaction are that James Packer would purchase the six apartments located on floors 48 and 49 of Crown Sydney for an aggregate purchase price of \$60m with a 20% deposit to be paid on signing a definitive purchase agreement, with a fit-out allowance of \$8m (representing the costs associated with the interior fit-out of the original six apartments) to be included in the purchase price of \$60m and applied towards the internal fit out once approved by Mr Packer. To the extent that the fit out costs exceed \$8m, then the excess fit out costs will be borne solely by Mr Packer.
 - The Sub-committee met on 30 November and 12 December 2017 to receive briefings from Management and to review reports and materials from Charter Keck Cramer (independent property experts), Ashurst (the Company's legal advisors on related party matters) and Corrs Chambers Westgarth (who are acting for the Company in relation to the sale of apartments at Crown Sydney).
 - Charter Keck prepared a detailed Gross Realisation Assessment Report which was reviewed and considered by the Sub-committee and provides a gross realisation assessment of \$60,200,000 for the six apartments, with the key points as follows:
 - the gross realisation potential of the apartments has been assessed assuming individual sales as opposed to an aggregated transaction;

- the total price to be paid by Mr Packer exceeds the current Crown Sydney business plan for these units by \$5,037,420; and
- Crown will also receive the benefit of an incremental \$1.625m of value through reduced car park allocations as Mr Packer has agreed to accept six car spaces as opposed to the original ten allocated to the six apartments and commission savings as Knight Frank has carved out related party transactions from its commission structure.
- The Sub-committee was of the view that it is open to the non-interested Directors of the Crown Board to find that the arms' length exception to the related party benefit exclusion applies.

Ms Coonan noted that, having regard to the above factors, the Sub-committee resolved to recommend to the Board that the Company enter into the proposed transaction with Mr Packer subject to the negotiation, finalisation and entry into transaction documentation to be supervised by the Sub-committee.

The Board (excluding the CPH nominee Directors) **RESOLVED** that:

1. the sale to Mr Packer of a leasehold interest in six apartments located on floors 48 and 49 of the Crown Sydney Residences at the Crown Sydney Hotel Resort for an amount of \$60 million (with a fit-out allowance of \$8 million) substantially on the terms set out in the paper with respect to this item (**Transaction**) are considered to be in the best interests of the Company;
2. the Transaction satisfies the arm's length dealing exception for related party transactions;
3. the Transaction be approved subject to the negotiation and finalisation of transaction documents, to be supervised by the Sub-committee;
4. to the extent that the Company is a party to any transaction documents, authorise any two directors or any one director and the company secretary to execute any documents and do any act, matter or thing, including the appointment of powers of attorney, necessary or desirable in connection with the Transaction; and
5. that all prior actions undertaken in furtherance of the Transaction be ratified.

Ken Barton advised the Board that consideration was being given to the sale of a Crown and Consolidated Press Holdings owned aircraft to Harold Mitchell which will constitute a related party transaction for the purposes of the Corporations Act.

Closure:

There being no further business, the meeting was declared closed at 11.29am.

Signed as a correct record

A large black rectangular redaction box covering the signature of the Chairman.

Chairman