



Crown Resorts Limited (ABN 39 125 709 953)

Meeting of the Board of Directors
to be held on Wednesday, 14 December 2016 at 12.00pm
at Meeting Room 1, Crown Towers Perth, Great Eastern Highway, Burswood,
Western Australia

Present:

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

Michael Neilson (Secretary)

By invitation:

Mark Arbib (CPH)
Kelvin Barry (UBS)(by telephone)(REIT and Demerger Update only)
Ken Barton
Karl Bitar
Barry Felstead
Alan McGregor
Todd Nisbet

Apologies: Nil

BUSINESS

Update on detention of Crown's employees in China: Mr Neilson provided an update on the Crown employees detained in China, it being noted that the Board had received updates on 17 October, at the 19 October Board Meeting, 28 October, 15 November and 29 November.

Mr Neilson reminded the Board that 13 employees remain in detention, with one additional junior employee released on bail. He advised that there was no change in status and that aside from the one employee on bail, all employees remained 'arrested'. He confirmed that no charges had yet been laid.

He reported that Australian officials planned to visit all Australian detainees on 21 December and that Crown was trying to put pressure on the Malaysian consulate to visit the Malaysian detainee soon also.

Mr Neilson provided an overview of the additional legal resources appointed.

Mr Craigie noted that Crown was continuing to adopt a measured, cautious and minimalistic approach to the media and that media coverage in China had been minimal and law key to date.

Mr Rankin then discussed why it was thought appropriate for Mr Bitar to travel to China and noted that an external risk assessment had been undertaken and reviewed by the Risk Management Committee.

Mr Bitar provided a high level overview of his work to date. He advised he had travelled to China on a number of occasions and had held formal and informal discussions with key stakeholders and lawyers while in China. He confirmed that his key priorities were:

1. To make sure Chinese authorities understood Crown's respect of Chinese laws; and
2. To try and expedite the process for dealing with Crown's arrested staff members.

He reported that the feedback which he had received was that Chinese authorities had no issues with Crown as a company, but that these actions cases were directed at individuals.

He assured the Board that Crown was doing its best through formal and informal channels to have the case expedited as much as possible in accordance with Chinese law. He also assured the Board that the Australian Government continued to make this case to the Chinese Government.

Mr Neilson advised that a weekly meeting had been implemented to monitor and review VIP business operations and that the China Coordination Team continued to work on this matter full time. He also reminded the Board that a trading review committee comprising the CEO and CFO of both Crown Resorts and the Australian resorts was meeting regularly to review trading performance and to ensure current ASX disclosures remained accurate.

A lengthy discussion followed around potential further actions to assist the detained staff and to ascertain what activities the Chinese authorities may be concerned about. It was agreed that a further Risk Management Committee should be convened to review the activity to date and look at any further actions that might be taken. Mr Bitar indicated he intended to continue to visit China and progress formal and informal discussions.

Messrs Barton, Felstead, McGregor and Nisbet joined the meeting and Mr Barry joined the meeting telephone.

REIT and Demerger Update:

Mr Barry spoke to the REIT status update section of the Board Paper.

He highlighted the intended current structure of the REIT and the intended governance arrangements.

He also took the Board through the indicative transaction metrics, which assumed a value for the property assets to be acquired by the REIT of \$747M which would result in net cash proceeds to Crown of \$679M. He advised that the valuation work was well progressed.

Mr Craigie provided an update on the various gaming regulatory and government approvals that were needed and which were progressing well.

Mr Neilson provided a summary of discussions with candidates for the positions of CEO and CFO of the REIT as well as candidates for potential independent directors.

Mr Barton provided an update on the tax and stamp duty work being undertaken. He also advised that discussions were under way with ANZ in relation to the terms of the finance facilities that would be required by the REIT.

The Demerger status update section of the Board Paper was taken as read in light of the MCE Proposal.

Mr Rankin noted that the capital management implications of the proposed MCE transactions for the REIT also needed to be understood

MCE Proposal:

Mr Rankin noted that the Company, via its wholly owned subsidiary Crown Asia Investments Pty. Ltd. ACN 138 608 787 (CAI), proposes to enter into a number of transactions in relation to the ordinary shares in Melco Crown Entertainment Limited (MCE) held by it (the MCE Shares), including:

1. Subject to Melco obtaining Macau regulatory approval and financing approval a direct sale of up to 198 million MCE Shares (equivalent to approximately 66 million American Depositary Shares (ADSs) or 13.4% of MCE Shares) to Melco Crown International Development Limited (Melco) for US\$6 per MCE Share (equivalent to US\$18.00 per ADS);
2. An underwritten block trade for the sale of up to 40.9 million MCE Shares (equivalent to approximately 13.6 million ADSs or 2.8% of MCE Shares); and
3. A cash-settled total return swap referencing up to 81.9 million MCE Shares (equivalent to 27.3 million ADSs or 5.6% of MCE Shares (the Total Return Swap or TRS),

(together, the Proposed Transaction).

In connection with the Proposed Transaction, Mr Neilson tabled Advanced drafts of the following documents (each a Transaction Document):

- (a) Underwriting Agreement to be entered into between CAI, Deutsche Bank Securities Inc., Morgan Stanley & Co. LLC and UBS Securities LLC (each an Underwriter, together the Underwriters) and MCE, including its exhibits and annexures;
- (b) The following documents as contemplated in the Underwriting Agreement:
 - (i) Lock Up Agreement to be entered into by CAI with respect to its remaining MCE Shares, being Exhibit A to the Underwriting Agreement;
 - (ii) Escrow Agreement to be entered into between CAI, each Underwriter and U.S. Bank Global Corporate Trust Services; and
 - (iii) Resale Agreement to be entered into between CAI and each Underwriter;

- (c) Amended and Restated Shareholders' Deed relating to Melco Crown Entertainment Limited (formerly known as Melco PBL Entertainment (Macau) Limited) to be entered into between Melco Leisure and Entertainment Group Limited (Melco Leisure), Melco International Development Limited (Melco), CAI, the Company and MCE;
- (d) Supplemental Shareholders' Deed to the Shareholders' Deed relating to Melco Crown Entertainment Asia Holdings Limited (formerly known as Melco PBL Entertainment Asia Holdings Limited) (Melco Asia) dated 12 December 2007 between Melco Leisure, Melco, CAI, the Company and Melco Asia;
- (e) Stock Purchase Agreement to be entered into between CAI and Melco Leisure;
- (f) TRS Confirmation to be entered into between CAI and UBS AG, London Branch, Morgan Stanley & Co. International Limited and Deutsche Bank AG, Sydney Branch (the Dealers);
- (g) Specific Guarantees to be entered into by the Company in favour of each of the Dealers and secured by the pledge under the TRS; and
- (h) Closing Memorandum in relation to the Proposed Transaction, and certain of the documents contained therein, including pro forma instruments of transfer and instructions to the depositary in respect of MCE Shares and ADSs.

Mr Neilson also tabled a power of attorney proposed to be granted by the Company in favour of each of the following persons:

- (a) any director or secretary of the Company;
- (b) Ken Barton (CFO of the Company);
- (c) Andy Carr (Senior Legal Counsel of the Company);
- (d) any partner of the Sydney office of Ashurst,

(each an Attorney), appointing each Attorney as the attorney of the Company.

Each Attorney has the powers specified in that document, including execution of the Transaction Documents to which the Company is expressed to be a party on behalf of the Company (Power of Attorney).

Mr Rankin outlined the proposed timing for the transaction and the potential requirement for a trading halt on 15 December 2016. There was a discussion about the potential media response to the announcement of the transactions. Mr Rankin also indicated that it had been agreed in principle with Melco that any bid for a casino in Japan would be on the basis of equal involvement of Crown and Melco.

Mr Rankin said that advice had been obtained that these transactions would not have an adverse legal impact on the employees who had been detained in China. Mr Neilson confirmed that such advice had been received but that the advice had also stated there could be no guarantee over the political implications of the transactions. Mr Bitar agreed with that advice and said that management would try and manage the message.

The Board was supportive of the transactions.

Mr Rankin said that the draft ASX Announcements would be circulated to the Board before they were released. He noted that the Announcements would advise the market that the proposed Demerger would not be proceeding.

It was **RESOLVED** that:

1. the Board establish a sub-committee of the Board comprising of Robert Rankin, Michael Johnston, Rowen Craigie, Ken Barton and Michael Neilson (the Project Alpha Sub-Committee) (with a quorum for that committee comprising any 2 of its members) with authority to do all things necessary or desirable to give effect to the Proposed Transaction and the Transaction Documents including, without limitation:
 - (a) generally exercise all the powers of the Board as the Project Alpha Sub-Committee considers necessary or expedient in connection with the Proposed Transaction and the Transaction Documents;
 - (b) finalising the terms of the Transaction Documents (including approving alteration, amendment or modification of those documents from the form tabled at the meeting); and
 - (c) agreeing the commercial terms of the Transaction Documents.
2. the Power of Attorney and the appointment of each Attorney under it is approved;
3. the Power of Attorney be executed on behalf of the Company in accordance with section 127 of the Corporations Act;

4. the Transaction Documents, the transactions contemplated by the Transaction Documents and the performance by the Company of its obligations under each Transaction Document be approved;
5. the Company is authorised to enter into:
 - (a) each Transaction Document substantially in the form of the draft document tabled at the meeting together with any amendments approved by the Project Alpha Sub-Committee; and
 - (b) any other document or agreement that the Project Alpha Sub-Committee considers necessary or desirable in connection with the Proposed Transaction, the Transaction Documents or the transactions contemplated by the Transaction Documents (such consideration to be conclusively evidenced by the execution of that document or agreement), any such document being an Incidental Document;
6. The following persons be authorised to execute the Transaction Documents or any Incidental Document on behalf of the Company:
 - (a) any two directors of the Company; or
 - (b) a director and secretary of the Company; or
 - (c) any two Attorneys (acting jointly);
7. Any two Attorneys are jointly authorised, on behalf of the Company, to execute and deliver (or enter in any other way into):
 - (a) each Transaction Document to which the Company is expressed to be a party; and
 - (b) any Incidental Document,and to do anything else that the Attorneys are authorised to do under the Power of Attorney; and
8. Any director, secretary or Attorney be authorised to sign all documents and do all acts, matters and things as are necessary or desirable (in their opinion) to enter into and complete the transactions contemplated by or incidental to the Proposed Transaction and the Transaction Documents or any Incidental Document, including the satisfaction of conditions precedent and conditions subsequent under the Transaction Documents or any Incidental Document, upon the instructions of the Project Alpha Sub-Committee.

- Minutes of Previous Meetings:** It was **RESOLVED** that the Minutes of the Board Meeting held on 19 October 2016 and the Minutes of the AGM held on 20 October 2016 be approved.
- Matters Arising:** It was noted that all matters arising were dealt with in the Board Papers.
- CEO's Report:**
- Mr Barton spoke to the presentation slides and summarised the November results.
- Mr Rankin advised the Board that a trading update would be given to the market as part of the announcements of the MCE transaction. He said that this was not strictly required, but he thought it was the right course of action.
- The Board agreed with this.
- Mr Barton noted that VIP turnover was down against budget by the same amount pre the date of the detentions China as post that date.
- He advised that there was significant softness in the EGM business. Mr Felstead outlined a number of initiatives to redress that softness.
- Mr Nisbet spoke the presentation slides on the Alon project.
- He outlined a number of options as follows:
1. Sell the land immediately;
 2. (a) Sell the 'Development Project' – land plus entitlements;
(b) Sell the business – land plus entitlements plus development business/team;
 3. Continue to seek third party financing/equity participation.
- Mr Nisbet said management was now recommending option 2(a) or 2(b). He advised the Board that the project had enough cash to see it through the divestment.
- Mr Rankin noted that the Announcements of the MCE transactions would advise the market that the Alon project would not be proceeding.

The Board supported the recommendation. Mr Nisbet said that further update on the divestment process would be provided at the next Board Meeting.

Mr Craigie reported that judgement in the Crown Sydney Land & Environment Court appeal was expect in January or February 2017.

He also reported that the planning application for the Queensbridge Tower had been 'called in' by the Victorian Premier and would be fast-tracked. He said he expected a decision in late January or early February.

He noted that the Board has authorised management to obtain planning approval, but not to sign any binding agreements with Schiavello without further approval from the Board. The Board had also wanted to better understand the risks of the Melbourne luxury apartment market at present. Mr Craigie suggested a sub-committee be formed to look at these risks. The following Directors agreed to participate on a sub-committee:

- Ben Brazil
- Mike Johnston; and
- Harold Mitchell.

The balance of the CEO Report was taken as read.

Development Update:

The Board Paper was taken as read.

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

**Management Accounts YTD
November 2016:**

The report was taken as read.

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

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
Risk Management Committee held
on 17 November 2016:**

The draft Minutes were taken as read.

It was **RESOLVED** that the Draft Minutes of Meeting of the Risk Management Committee held on 17 November 2017 be noted.

Draft Minutes of Meeting of the Occupational Health and Safety Committee held on 17 November 2016:

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 17 November 2016 be noted.

Draft Minutes of Meeting of the Responsible Gaming Committee held on 17 November 2016:

The draft Minutes were taken as read.

It was **RESOLVED** that the Draft Minutes of Meeting of the Responsible Gaming Committee held on 17 November 2016 be noted.

Other Business:

Financing Approvals – Crown Sydney Guarantee Agreements:

Mr Barton spoke to the Board Paper and reminded the Board of the approval from the October Board Meeting.

He advised that the Bank of Nova Scotia had withdrawn its offer to provide a bank guarantee but that the National Australia Bank had agreed to take its place.

Mr Neilson tabled a draft of the document described in item 1 of the Schedule to the Board Paper ("Facility Agreement") together with a draft of a Power of Attorney described in item 2 of the Schedule to the Board Paper ("Power of Attorney") to be given by the Company in favour of the persons listed in it (each an "Attorney") authorising them severally, among other things, to execute the Facility Agreements (as defined in item 1 of the Schedule to the Board Paper) and any other document or agreement that an Attorney considers necessary or desirable in connection with the Facility Documents or any of the transactions contemplated by it.

It was noted that:

- (a) Crown Sydney Property Pty Ltd ACN 166 326 861 ("Crown Sydney") and the Company have been in negotiations with National Australia Limited (ABN 12 004 044 937) ("NAB") in relation to a new guarantee facility to be provided to Crown Sydney by NAB (the "Facility"). The Facility Agreement is a "Loan Agreement" for the purposes of the Crown group's Common Terms Deed Poll dated 1 December 2008, as amended and restated from time to time ("CTDP") and, accordingly, the Company will be a "Guarantor" under the Facility Agreement for the purposes of the CDTP;
- (b) the Facility Agreement is in the process of being finalised;
- (c) the terms of the Facility will be set out in the Facility Agreement;

- (d) pursuant to the terms of the Facility Agreement, the Company, together with Crown Sydney, Crown Melbourne Limited (ABN 46 006 973 262), Burswood Nominees Limited (as trustee for the Burswood Property Trust) (ABN 24 078 250 307), Crown Entertainment Group Holdings Pty Limited (ABN 82 126 028 822), Publishing and Broadcasting (Finance) Limited (ABN 78 008 644 862), Crown Sydney Gaming Pty Ltd (ABN 97 166 326 843) and Crown (Western Australia) Pty Ltd (ABN 73 095 976 275) will support the Facility by way of extending the benefit of the CTD to such Facility;
- (e) financial indebtedness incurred under the Facility will be guaranteed by the entities listed in item (d) above in accordance with the relevant provisions of the CTD;
- (f) the Company is required to enter into the Facility Agreement to document the terms of the Facility;
- (g) all the directors believe it is in the Company's best interests to enter into the Facility Agreement and to perform its obligations under the Facility Agreement;
- (h) all the directors believe it is in the Company's best interests to extend the benefit of the CTD to each Facility, to provide the guarantee in connection with the Facility Agreements ("Guarantee"), and to perform its obligations under the Guarantee; and
- (i) having regard to all relevant circumstances and the terms of the Facility Agreement, the Company is able to pay all its debts as and when they become due and payable and accordingly is solvent and there are reasonable grounds to expect that the Company will not become insolvent because the Facility Agreement or any transaction contemplated by the Facility Agreements or the Facility (including the Guarantee) is executed or performed.

The directors present carefully considered the Facility Agreement and the Power of Attorney and confirmed that the representations and warranties given by the Company in the CTD were true and not misleading (by omission or otherwise) as at the date of the meeting.

It was **RESOLVED** that:

- (a) the establishment of the Facility; and
- (b) the Facility Agreement; and
- (c) the Guarantee

each be approved.

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

- (a) the Facility Agreement 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 Facility Agreement or any transaction contemplated by it or the Facility.

It was **RESOLVED** that performance by the Company of its obligations under the Facility Agreement 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 Facility Agreement; 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 Facility Agreement or any transaction contemplated by it or the Facility,

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

It was **RESOLVED** that each of the following persons be appointed to act as an "Authorised Representative" (howsoever defined in the Facility Agreements) of the Company in terms of, and for the purposes of, the Facility Agreements:

- (a) Rowen Craigie, Chief Executive Officer, Crown Resorts Limited;
- (b) Ken Barton, Chief Financial Officer, Crown Resorts Limited; and
- (c) Michael Neilson, General Counsel and Company Secretary, Crown Resorts Limited.

CrownBet/ClubsNSW Proposal:

Mr Alexander advised that CrownBet had won the bid and was in the process of negotiating a form of 10 year Master Service Agreement with ClubsNSW.

Mr Barton noted that part of the bid by CrownBet involved the granting of an option for Clubs NSW to take up equity in CrownBet and he outlined the mechanics of how that would work should the option be exercised. Mr Alexander said that if ClubsNSW exercised its option to take up equity in CrownBet then the Master Services Agreement effectively became lifetime agreements.

Mr Barton also foreshadowed that CrownBet may need some additional funding.

The Board noted the pending agreement between CrownBet and ClubsNSW as described in the Board Paper, including:

1. The possible publicity that may arise once the arrangement is announced; and
2. The inclusion of a call option that may result in the issue of up to 15% of CrownBet's share capital, potentially diluting Crown's ownership to an interest of 53.9%, at a valuation of between approximately \$0.7 billion and \$1.2 billion.

Approval of Authorised Signatories – Deutsche Bank:

Mr Neilson spoke briefly to the Board Paper.

It was noted that the Company intends to enter into certain trades in relation to its Melco Crown Entertainment Limited ordinary shares with Deutsche Bank.

It was **resolved** that each of the following persons be appointed to be as "Authorised Signatories" of the Company for the purposes of dealing with Deutsche Bank:

- (a) Rowen Craigie, Chief Executive Officer, Crown Resorts Limited;
- (b) Ken Barton, Chief Financial Officer, Crown Resorts Limited; and
- (c) Michael Neilson, General Counsel and Company Secretary, Crown Resorts Limited.

Further **resolved** that the Authorised Signatories are authorised on behalf of the Company to exercise all discretion and to do all things necessary or expedient in relation to the establishment of accounts with Deutsche Bank or trading thereunder.

Crown Group Subsidiary Annual Reviews:

Mr Neilson spoke briefly to the Board Paper.

The Board noted that Board Meetings for all relevant subsidiaries would be held with the resolutions annexed to the Board Paper to be passed at those meetings.

Future Meetings:

The Board noted the 2017 Meeting Schedule.

Closure:

There being no further business, the meeting was declared closed at 3.00pm.

Signed as a correct record

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

Chairman