



Crown Resorts Limited (ABN 39 125 709 953)

Minutes of a Meeting of the Board of Directors held at
Garden Room 1, Level 1, Crown Towers, 8 Whiteman Street, Southbank, Victoria
on 16 August 2016 at 10:00am

Present:

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

Michael Neilson (Secretary)

By invitation:

Kelvin Barry (UBS)(Agenda Item 7 only)
Ken Barton
Karl Bitar
Barry Felstead
Matthew Grounds (UBS)(by telephone)(Agenda Item 7 only)
Alan McGregor
Todd Nisbet
Ian Scott (EY) (Agenda Items 3 and 5)
Patricia Toh (CPH)

Apologies: Nil

BUSINESS

Minutes of Previous Meetings: It was **RESOLVED** that the Minutes of the Board Meetings held on 25 May 2016 and 15 June 2016 be approved.

It was **RESOLVED** that the Written Resolution dated 25 July 2016 be noted.

Matters Arising:

It was noted that all matters arising were dealt with in the Board Papers.

Results for the Full Year ending 30 June 2016:

Draft Results Presentation and ASX Announcement:

Mr Craigie outlined the process for announcing and presenting the company's full year results. He noted that the draft ASX Announcement had only been circulated the previous evening and that management and the Chairman were still reviewing and revising the announcement.

A number of directors asked for more time to review the draft ASX Announcement and Mr Craigie asked that directors provide any comments by no later than 5.00pm.

Messrs Craigie and Barton took the Board through the draft Full Year Results Slide Presentation.

Mr Craigie indicated that the slide dealing with Crown Sydney may need to be adjusted in light of the planning appeal which had recently been filed.

Mr Rankin asked that the slide on MCE be reviewed to ensure it was consistent with the information being provided by MCE.

Mr Craigie asked that directors provide any further comments on the slides by no later than 5.00pm.

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

Draft Minutes of Meeting of the Audit and Corporate Governance Committee held on 9 August 2016:

The draft Minutes were taken as read.

Mr Brazil highlighted the continued review by the Committee of the level of VIP debtors. He said that the situation had improved since the half year, but that the Committee considered it important to continue to monitor this issue closely.

Mr Barton noted that the Committee had been through Auditor's Report, but that no material issues had been raised and that the final Audit Report would be unqualified.

He also highlighted the recommendation of the Committee to early adopt the new accounting standard AASB 9 Financial Instruments.

It was **RESOLVED** that the Draft Minutes of Meeting of the Audit and Corporate Governance Committee held on 9 August 2016 be noted.

ASX Appendix 4E:

Mr Barton confirmed that the Audit Committee had closely reviewed the draft Appendix 4E and recommended it be approved by the Board. Mr Neilson advised that management had almost completed its work in verifying the Appendix 4E and asked that any comments on the draft ASX Appendix 4E be provided to him by 5.00pm that day. He asked that the Chair and CEO be given delegated authority to approve the final version of the Appendix 4E for release to the market.

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

Accounting Issues:

The Accounting Issues paper was taken as read.

It was **RESOLVED** that:

- the Accounting Issues Report be noted;
- the proposed accounting treatments and valuations referred to in that Report be approved; and
- Crown early adopt the AASB 9 Financial Instruments standard with effect from 1 July 2016.

Dividend Recommendation:

Mr Barton confirmed the recommended final dividend of 39.5 cents per share was in accordance with the company's new dividend policy.

Subject to finalisation of the Appendix 4E and on the basis that as at the proposed date of payment:

- the proposed dividend will be paid out of the Company's current year profits;
- the current 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) a final dividend of 39.5 cents per ordinary share be declared and paid, out of the Company's current year profits as at 31 July 2016, on 7 October 2016;
- (b) the dividend be franked to 70%;
- (c) the unfranked portion of the dividend to be conduit foreign income; and
- (d) the dividend be paid to the holders of ordinary shares on the register of members as at 23 September 2016.

CFO's Report:

Management Accounts YTD June 2016:

The Management Accounts were taken as read.

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

Treasury and Compliance Report:

The Treasury and Compliance Report was taken as read.

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

Tax Update:

Mr Scott provided an update to the Board on the dispute with the ATO over the serving of amended assessments by the ATO on 15 February. Mr Scott confirmed that Objections to the amended assessments had been lodged. He also reported on the ongoing discussions with ATO regarding a potential settlement of the dispute.

Mr Scott also updated the Board on some other matters which the ATO had been discussing with Crown, including the deductibility of Crown's contribution to the settlement of the OneTel litigation as well as some more minor matters.

Mr Scott left the meeting.

CEO's Report:

Mr Barton spoke to the presentation slides for the July results and noted that both Melbourne and Perth local contributions were in line with budget.

There was a discussion about whether an update on F17 trading would be provided to the market as part of the F16 results announcement and it was agreed that, in response to any questions, Crown would advise that trading in F17 YTD was in line with the second half of F16.

Mr Felstead reported on current issues at Crown Melbourne and Crown Perth.

He reported that the upgrade of the loyalty program as "Crown Rewards" was on track for launch in October/November.

He also reported on the current employment statistics for the CROWNability program and Indigenous Employment Program.

Mr Festead reported on the negotiations for new Enterprise Agreements at both Crown Melbourne and Crown Perth. He was asked about the recent employee rally at Crown Melbourne and advised that the rally was poorly attended.

He also reported that Crown Perth planned to leverage the recently launched "Super Sunday Jackpot" as well as to continue to maximize the return on successful long-running theatre shows at the Crown Perth Theatre.

The remainder of the current issues in the CEO Report were taken as read.

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

**Structural and Capital
Management Initiatives:**

Messrs Grounds and Barry joined the meeting.

Update on Demerger:

Mr Barry spoke to the presentation slides.

He advised that the recommendation would be that Crown Resorts (International) be a UK incorporated company, but listed on ASX via Chess Depositary Instruments (CDIs). He said work was being undertaken on whether a secondary listing on LSE might be advantageous.

Mr Barry took the Board through the proposed structure of the Board and small management team to be based in London. He said work was underway to identify appropriate directors and senior managers. He also highlighted that Crown Resorts (International) would be heavily reliant on management, brand and technical services to be provided by Crown Resorts.

He summarised the indicative capital structure of Crown Resorts (International) and indicated that the project team was considering whether the wagering and/or online businesses might be included in Crown Resorts (International).

Mr Rankin said he thought the wagering and online businesses were worth more than they were being valued at by analysts and that moving them into Crown Resorts (International) might address this. Mr Alexander said the team should carefully consider the importance of these businesses being integrated with the land based casinos.

Messrs Barton and Barry spoke to the slides dealing with the proposed buy-back of Hybrid Notes. Mr Barton explained that, upon implementation of the demerger, Crown Resorts' capital base will be reduced and the Hybrid Notes will increase as a proportion of Crown Resorts' capital base, such that the equity credit from S&P would be at risk.

Mr Barry outlined the proposed execution of the buy-back and the potential for entering into a hedge so as to lock in the price of the buy-back.

He also highlighted that if the decision was taken to implement the buy-back upon demerger and to enter into the hedge, an announcement to ASX would need to be made.

Mr Barton said that further work was still required before a formal recommendation could be made and he asked that the Board delegate the final approval to the Finance Committee.

It was **RESOLVED** as follows:

- Financing arrangements for Crown Resorts (International) be put in place substantially in accordance with the board paper; and
- Arrangements for a buy-back of Hybrid Notes and the entry into a swap agreement be delegated to the Finance Committee.

Update on REIT:

Mr Barry also provided an update on the evaluation work being undertaken on the REIT proposal.

He said that the current thinking was that the Crown Metropol and Crown Promenade hotels in both Melbourne and Perth would be included in the REIT, but that the two Crown Towers hotels would not.

He also said that the current thinking on structure was that the hotels would be acquired by the property trust which would be owned 51% by Crown and 49% by a REIT which would be the subject of an IPO.

He confirmed that Crown would continue to operate all hotels.

There was a discussion around likely cap rate, rent and valuations.

Mr Craigie said that initial discussions with the Victorian and Western Australian gaming regulators had been positive, with no in principle objections. He highlighted that the approvals process in Western Australia was complex.

There was a discussion around whether management was still fully supportive of the REIT proposal. Mr Rankin said he did not believe there had not been any change in attitude, it was a question of sorting out a number of outstanding issues. He confirmed that CPH remained supportive of the proposal.

Mr Rankin foreshadowed that there may need to be a special meeting to deal with the REIT proposal prior to the AGM Board Meeting.

The update on the evaluation of the REIT was noted.

Messrs Grounds and Barry left the meeting.

Development Update:

Mr Nisbet spoke to the presentation slides.

Mr Nisbet confirmed that the Crown Towers Perth project remained on time and on budget for an opening in December. Mr Rankin asked Messrs Felstead and Nisbet to lock in an opening date so that Mr Packer and the Board could be advised. Messrs Felstead and Nisbet advised the Board of a number of stakeholders who had toured the property and said that all were impressed by the standard of the end product.

Mr Nisbet reported that the NSW Planning Assessment Commission (PAC) had approved the Mod 8 application and the Crown Sydney Hotel Resort planning application. He outlined the key conditions imposed by the PAC and confirmed that Crown, Lendlease and BDA had agreed responsibilities for complying with and paying for these requirements as between them.

Mr Neilson outlined the basis on which a residents action group had issued a challenge to the validity of the PAC's approval. He said that both Crown and Lendlease had agreed a strategy to seek an early hearing of the challenge and, on that basis, he said it was unlikely the applicant would seek an interlocutory injunction to stop work on site.

Mr Craigie confirmed that negotiations around sight lines from Crown Sydney across Central Barangaroo were ongoing and unresolved.

Mr Nisbet provided an update on the planning application for the Queensbridge Hotel Tower. He also provided a preliminary timetable for the project.

There was a discussion about the bases on which Crown may be able to exit from the project, if ever necessary, and the conditions precedent for commencement of construction. Mr Rankin asked that no binding commitments to proceed with the development be agreed with the Schiavello Group without first coming back to the Board for final approval.

Mr Nisbet confirmed the key project assumptions for the Alon Las Vegas project, including project cost and assumed debt and equity funding. He also highlighted the workstreams being undertaken in order to close the current funding gap and the current cash available to the project team and the monthly spend. He confirmed that the project could continue to be supported without further funding until the third quarter of 2017.

Mr Mitchell asked whether either "mothballing" the project or selling the site were still live options. Mr Nisbet confirmed both were still options, but not the preferred options. He indicated that the current work would be re assessed if the funding gap could not be solved by March 2017. Mr Rankin confirmed that he believed the site was a valuable asset and that it was likely to be valued in line with what had been spent on the project to date.

The Board Paper on MCE's performance was taken as read.

It was **RESOLVED** that the Development Update 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 22 June 2016:

The draft Minutes were taken as read.

It was **RESOLVED** that the Draft Minutes of Meeting of the Risk Management Committee held on 22 June 2016 be noted.

Draft Minutes of Meeting of the Occupational Health, Safety and Environment Committee held on 8 June and 9 August 2016:

The draft Minutes were taken as read.

It was **RESOLVED** that the Draft Minutes of Meeting of the Occupational Health, Safety and Environment Committee held on 8 June and 9 August 2016 be noted.

Draft Minutes of Meeting of the Responsible Gaming Committee held on 8 June and 9 August 2016:

The draft Minutes were taken as read.

It was **RESOLVED** that the Draft Minutes of Meeting of the Responsible Gaming Committee held on 8 June 15 August 2016 be noted.

Draft Minutes of Meeting of the Nomination and Remuneration Committee held on 15 August 2016:

The draft Minutes were taken as read.

It was **RESOLVED** that the Draft Minutes of Meeting of the Nomination and Remuneration Committee held on 15 August 2016 be noted.

Pursuant to Article 9.1(c) of the Rules of the 2014 Crown Resorts Long Term Incentive Plan, having determined that the proposed transfer will not result or be likely to result in the payment of an Unlawful Termination Benefit to Neil Spencer, it was resolved that:

1. the release of 9,935 Participant Shares to Neil Spencer be hereby approved;
2. the Trustee under the Plan be instructed to transfer the Participant Shares held by the Trustee for the benefit of Neil Spencer to Neil Spencer; and
3. the Company Secretary be authorised to take all such action as may be required in connection with the transfer of Participant Shares including instructing the Trustee on behalf of the Board.

It was further **RESOLVED** as follows:

1. a resolution be put to the Annual General Meeting of the Company seeking approval to increase the Remuneration Pool to \$2,500,000;
2. the Company Secretary be authorised to take such steps as are necessary in connection with the proposed increase, including providing a draft of the Notice of Meeting to ASX for review before it is sent to shareholders; and
3. subject to shareholders approving the increase to the Remuneration Pool to \$2,500,000, the non-executive directors' fees be increased as set out below:

Base fees:	\$150,000
Committee membership:	\$15,000
Committee chair:	\$25,000
Crown Melbourne nominees:	\$60,000 (no change)
CrownBet nominee:	\$75,000 (no change)

Other Business:

Annual General Meeting:

Mr Neilson spoke to the Board Paper.

It was **RESOLVED** that:

- an Annual General Meeting of the Company be convened on **20 October 2016** commencing at 10am, to be held at Crown Perth;
- notice of the Annual General Meeting, in the manner required by the Corporations Act and in a form required by the Company's Constitution, be given to each member, each director and to Ernst & Young (the Company's auditor); and
- the Company Secretary is authorised to prepare the Notice of Meeting and to take such steps as are necessary to procure service of the Notice.

**Crown Western Australia
(Finance) Holdings Pty Ltd –
Ramification:**

The Board Paper was taken as read.

It was **RESOLVED** that all steps taken by Crown Resorts Limited in connection with:

1. The incorporation of Crown (Western Australia) Finance Holdings Pty Ltd; and

2. The transfer of shares in Crown (Western Australia) Finance Pty Ltd from Crown Resorts Limited to Crown (Western Australia) Finance Holdings Pty Ltd,

including the entry into a Subscription Deed and Share Transfer Form be hereby ratified and approved.

Power of Attorney:

The Board Paper was taken as read.

It was **RESOLVED** that the draft Power of Attorney be approved and any two directors or a director and a secretary be authorized to execute the Power of Attorney on behalf of the Company.

Future Meetings:

The Board noted the 2016 Meeting Schedule.

Closure:

There being no further business, the meeting was declared closed at 1.35pm.

Signed as a correct record



.....
Chairman