



Crown Resorts Limited (ABN 39 125 709 953)

Meeting of the Board of Directors held on Wednesday 25 October 2017 at
4.00pm 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
Michael Johnston
Harold Mitchell
James Packer

Mary Manos (Secretary)

By invitation:

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

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.

John Alexander noted that agenda item 4 '2017 Annual General Meeting' would be addressed ahead of agenda item 3 'China Update'.

Trading Update:

Ken Barton spoke to the Trading Update for the Group noting the following:

- in respect of Crown Melbourne local, table games were ahead of budget with VIP performance ahead both year to date and on the prior comparable period;
- in respect of Crown Perth local, gaming machines were strong with VIP behind budget;
- wagering was approximately \$3 million ahead of budget;
- VIP volumes were ahead of last year based on year to date;
- the refurbishment at Aspinalls is expected to complete in January 2018; and
- EBITDA for the financial year is expected to increase by approximately \$25 million on the prior financial year.

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

2017 Annual General Meeting:

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

Ken Barton provided the Board with an overview of the proxy adviser voting recommendations noting that:

- two of the four proxy advisers voted against the Remuneration Report;
- following discussions with the Company's top 25 holders, funds and institutional investors, most of those holders voted in favour of the Remuneration Report despite the proxy adviser recommendations;
- the Australian Shareholders' Association had indicated that it would vote in favour of the Remuneration Report; and
- based on proxy results received, all resolutions at the AGM are expected to be approved.

REDACTED - PRIVILEGE



REDACTED - PRIVILEGE

**Crown Sydney Apartments –
Expression of Interest:**

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

Capital Management Plan Update:

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

- the on-market share buy-back had not yet commenced and the Notes I buy-back was on hold; and

- the three Crown Melbourne jet lease agreements had been terminated with effect from 19 September 2017.

Key Development Matters:

Crown Sydney Update:

Todd Nisbet noted that Crown Sydney is proceeding on schedule.

It was noted that:

- the Company had received three expressions of interest in relation to the Crown Sydney apartments;
- the residential business plan will be updated upon the sale of 50% of the apartments; and
- the design of Crown Sydney is well progressed.

The Board discussed the proposed payment structure for apartment sales, the status of the Barangaroo Central Sightline negotiations and room rates of other luxury hotels in the vicinity.

Mr Nisbet invited the Directors to visit the site office at Barangaroo.

One Queensbridge Update:

Todd Nisbet noted that the total development cost of One Queensbridge is expected to be approximately \$1.8 billion. It was noted that conversations with potential third party investors were still ongoing.

Alon Update:

In relation to the proposed sale of the Alon land, the Board noted the matters contained in the Development Update presentation and Todd Nisbet advised the Board that it would be required to approve the sale of Alon.

Mr Nisbet advised the Board that the total investment in Alon was approximately A\$375 million.

Japan Update:

Todd Nisbet noted that the upcoming election in Japan may accelerate discussions on integrated resorts.

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

Draft Minutes of Meeting of the Board:

It was **RESOLVED** that the Minutes of the Board Meeting held on 3 August 2017 and 12 September 2017 be approved.

CEO's Report:

The CEO's Report was taken as read.

Barry Felstead advised the Board that:

- a number of property specific initiatives were underway to

increase visitation and spend;

- the Indigenous Employment Program had a total of 203 employees across the two properties with the total of 704 hires under the program since its inception; and
- the *CROWN*ability program had 195 direct employees and contractors.

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

CFO's Report – Management Accounts September 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 Responsible Gaming Committee held on 27 September 2017:

The draft minutes were taken as read.

John Horvath noted that the Company last considered the self-exclusion program in 2016 and requested that the interaction of this program between the two properties be reconsidered at the next meeting of the Responsible Gaming Committee.

It was **RESOLVED** that the draft minutes of meeting of the Responsible Gaming Committee held on 27 September 2017 be noted.

Draft Minutes of Meeting of the Corporate and Social Responsibility Committee held on 24 July 2017:

The draft minutes were taken as read.

It was **RESOLVED** that the draft minutes of meeting of the Corporate and Social Responsibility Committee held on 27 September 2017 be noted.

Other Business:

Ellerston:

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

Paid Parental Leave Scheme:

The Paid Parental Leave Scheme paper was taken as read.

Ken Barton advised the Board of Management's recommendation to introduce a paid parental leave scheme with effect from 1 July 2017 consisting of 12 weeks' paid leave (inclusive of superannuation) for primary carers and two weeks' paid leave for secondary carers to top up the existing Government paid parental leave scheme.

It was **RESOLVED** that the introduction of a paid parental leave scheme be approved with retrospective effect to employees who commenced parental leave on or after 1 July 2017, on the following terms:

- for primary carers – provision of paid parental leave that tops up the Government parental leave pay entitlement so that the employee receives a total combined payment equal to 12 weeks' base salary, including the minimum required superannuation contributions;
- for secondary carers – provision of paid parental leave that tops up the Government Dad and Partner Pay entitlement so that the employee receives a total combined payment equal to two week's base salary, including the minimum required superannuation contributions;
- subject to there being no incremental cost to the Company, flexible payment terms be provided to employees; and
- Crown employees be entitled to participate in the Company's paid parental leave scheme regardless of whether or not they are eligible to receive a payment under the Government parental leave pay scheme.

Board Changes:

John Alexander noted that Rowena Danziger intended to resign as a Director with effect from the conclusion of the Company's 2017 Annual General Meeting.

Rowena Danziger advised the Directors that she would remain on the Boards of Crown Melbourne Limited and Crown Resorts Foundation Limited.

James Packer thanked Mrs Danziger for her service to the Company.

Mr Alexander noted that Mrs Danziger's resignation would result in a number of Committee membership vacancies and suggested that Andrew Demetriou be appointed as a member of the Risk Management Committee.

It was **RESOLVED** that:

- the resignation of Rowena Danziger as Director of the Company with effect from the conclusion of the Company's

2017 Annual General Meeting be noted; and

- Andrew Demetriou be appointed as a member of the Company's Risk Management Committee.

CrownBet Update:

Ken Barton tabled a presentation on a confidential proposal relating to CrownBet.

James Packer, Guy Jalland, Andrew Demetriou and Ken Barton updated the Board on recent conversations that were had with the Tripp Group.

It was noted that the following high level proposals had been presented to Management for consideration:

- the Tripp Group to acquire Crown's interest in CrownBet for \$150 million by December 2017; or
- if the Tripp Group acquisition does not proceed, subject to the achievement of certain financial hurdles, the Tripp Group be provided with the opportunity to increase its equity ownership in CrownBet and Crown's loans will be reduced.

The Board confirmed its approval for Management to progress discussions with the Tripp Group and requested that Management make a formal recommendation to the Board at the appropriate time.

It was also noted that the offer of a CrownLotto product would not be proceeding.

Subordinated Notes Quarterly Report:

The Directors acknowledged having received a copy of the draft Quarterly Report for each of Notes I and Notes II in relation to the period from 1 July 2017 to 30 September 2017.

It was **RESOLVED** that:

- the Quarterly Reports in respect of Notes I and Notes II in relation to the period from 1 July 2017 to 30 September 2017 be approved;
- the Company Secretary cause the Quarterly Reports to be lodged with the Australian Securities and Investments Commission (**ASIC**); and
- a copy of the Quarterly Reports lodged with ASIC be provided to Australian Executor Trustees Limited (in its capacity as Trustee of the Crown Subordinated Notes issues).

Future Meeting Dates:

The Board noted the remainder of the 2017 and proposed 2018 meeting dates.

Ellerston

Representatives from Consolidated Press Holdings left the room.

Ken Barton advised the Board that:

- the Company had provided a proposal to Consolidated Press Holdings and was awaiting confirmation from Consolidated Press Holdings in relation to the structure of the proposed transaction;
- the Company was continuing to fund its 50% share of the operating costs of Ellerston; and
- to satisfy the Company's obligations to the NSW Government in relation to the Crown Sydney project, it was proposed that the Company enter into an access agreement with Consolidated Press Holdings.

It was noted that, upon finalisation of the transaction structure, Management would brief the independent Sub-committee with a formal recommendation to be made to the Board at the appropriate time.

Crown Sydney Apartments – Expression of Interest:

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

Todd Nisbet advised the Board that the Company had received an expression of interest from James Packer in relation to the purchase of a leasehold interest of 99 years in six apartments located on floors 48 and 49 of Crown Sydney.

It was noted that as the expression of interest had been received from Mr Packer, a related party of the Company, consistent with the Company's practice when considering related party transactions, Management recommended the appointment of an independent sub-committee of the Board to consider the proposed sale.

Mr Nisbet highlighted the following:

- the total value of the six apartments in the business plan is \$55 million and Mr Packer has expressed an interest to purchase those six apartments and modify the layout of the floors to create a bespoke residence for a purchase price of \$60 million; and
- that Management had been having discussions with Charter Keck Cramer who had completed some preliminary work and were prepared to undertake an independent assessment exercise in relation to the six apartments.

The Directors discussed the appointment of the Sub-committee, valuers and legal advisors and noted that:

- Mr Packer should be responsible for any extra costs in excess of the \$8 million allocation incurred in relation to the fitout and should also be required fund the cash flows required for the fitout;
- a consistent approach should be applied to the customisation of any apartment at Crown Sydney which would apply to Mr Packer and any other proposed purchaser; and
- the Sub-committee should ensure that there is a sound valuation process.

It was **RESOLVED** that an independent sub-committee of the Board, comprising Helen Coonan, Andrew Demetriou and Harold Mitchell, be appointed to:

- supervise the appointment of an appropriately experienced valuer or valuers to undertake an independent assessment of the value of the six apartments on floors 48 and 49 in the Crown Sydney Hotel Resort for the benefit of the Company;
- supervise the appointment of legal, accounting and other advisers as may be required to advise the Company in relation to the proposed transaction;
- supervise the negotiation of the key terms of the transaction, including the sale price, the payment schedule and terms of the fit-out arrangements with Mr Packer (such key terms to be to the satisfaction of the Company);
- if considered appropriate, make a recommendation to the Company's non-interested Directors that the Company should enter into the transaction with Mr Packer; and
- if the Company's non-interested Directors approve the entry into the transaction with Mr Packer, authorise the approval of the transaction and the execution of the transaction documentation at the appropriate time.

Closure:

There being no further business, the meeting was declared closed at 5.47pm.

Signed as a correct record



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Chairman