



Crown Melbourne Limited

Meeting of the Board of Directors held on Tuesday, 11 February 2020 at 12.00pm AEST at Chairman's Office Boardroom, Level 3, Crown Towers

Members Present:	<p>Mr Andrew Demetriou (Chair) Mr Ken Barton Mrs Rowena Danziger Mr Barry Felstead Professor John Horvath Mrs Toni Korsanos</p> <p>Mr Joshua Preston (Co-Secretary) Ms Mary Manos (Co-Secretary)</p>
By Invitation:	<p>Mr Michael Johnston Mr Alan McGregor Mr Todd Nisbet</p>

Apologies: Mr Xavier Walsh

B U S I N E S S

1. Draft Minutes of Meeting:

Minutes of Meeting held on 3 December 2019:

It was **RESOLVED** that the Minutes of the Board Meeting held on 3 December 2019 be approved.

2. Financial Results:

Mr Felstead spoke to the Financial Results and noted the following:

- local contribution was down approximately \$5.3 million or 1.6% on budget at the end of January, with hold being the main negative effect on results;
- business was trading well up 1% on budget or 1.6% on last year on volumes up to end of January;
- in rolling forward however to include the last two weeks of Coronavirus affected trade, business will be down on budget;
- it is estimated that the Coronavirus impact will have approximately 5.2% negative affect;
- the business continues to work through what the Coronavirus

impact might ultimately be however it is very hard to predict at this point in time due to the number of uncertainties;

- the present estimate is that there is a possible impact of -\$500,000 per day on local business. Table Games has experienced a 13% drop in visitation which could amount to up to \$15 million if it continues for all of February;
- there is a possibility that the impact will continue through March and April as well;
- VIP International is predicting a 30-40% decline;
- all Macau casino operations have ceased to trade;
- Melbourne hotels were at 75% occupancy last week, compared to the 93% expected;
- the Hawkers Bazaar weekend was down 44% on last year;
- week one of Lunar New Year saw Coronavirus materially impact patron headcount resulting in a 25% decrease in patron headcount across the complex and a decrease of 22% on the main gaming floor;

Mr Felstead spoke to a number of initiatives that have been undertaken and continue to be considered, to address the downturn in trade, including:

- reduction of payroll hours in the amount of 2,400 hours which is a saving of approximately \$165,000 per week;
- appropriate marketing promotions regarding offers to visit;
- it was noted that one issue we are confronting is that a sizeable portion of patrons attending are uncarded and accordingly it is difficult to communicate with them directly;
- the concept of mass marketing is not appropriate in the circumstances as the congregation of large numbers of people in public spaces is now a key challenge in light of Coronavirus;
- the initiatives are not expected to offset the expected losses due to the external factors;

Mr Felstead noted that we currently have 6 staff in isolation in Melbourne and 5 in isolation in Perth;

The Board discussed the various Coronavirus impacts and measures that were being considered and also the evolving external factors related to this pandemic.

Mr Demetriou noted that not only should we continue to look at initiatives to reduce costs, we should also be carefully considering initiatives and opportunities to assist driving the business in a

responsible manner and where appropriate.

3. CEO's Report:

Mr Felstead spoke to the CEO's Report which was taken as read. Mr Felstead noted the following:

- the lifecycle management automated marketing journey was in market and was progressing well until impacted by Coronavirus which coincided with Lunar New Year;
- the conversion of Club 23 into premium gaming area was completed in late December and is now trading. The area was trading well until impacted by Coronavirus. It was expected that the return on investment would have been approximately 2.5 years;
- Mr Johnston enquired as to whether we were experiencing any impact on the Mahogany Room. Mr Felstead noted that there we hadn't observed a material impact at this point;
- the re-laying of the main gaming floor central area has been completed allowing an additional 8 Roulette tables to be offered on the major east west corridor;
- the gaming machine refresher program has been accelerated providing additional new and market leading product seeing 580 units installed during December 2019;
- the converted JJs premium gaming machine area was progressing well with positive feedback from customers and an increase in visitation;
- the three Dragon Dens that have been established, located at the West End, Jackpot Bar and the central area, are all performing well;
- there are currently a total of 194 Indigenous Australians employed under the Indigenous Employment Program across Crown Melbourne and Crown Perth with 111 in Melbourne and 83 in Perth, bringing the total number of Indigenous Australians hired under the Program to 912;
- there are currently a total of 303 employees and contractors in the CROWNability program across both properties, with 143 direct employees and 1 contractor at Crown Melbourne and 154 direct employees and 5 contractors at Crown Perth;
- there have been 20 tours of Crown Melbourne over the last 18 months with Government representatives and other relevant stakeholders;
- the Crown Melbourne Limited United Workers Enterprise Agreement received a strong vote in favour (92%). The new Agreement will be lodged with the Fair Work Commission for approval shortly;

- the Property Services Enterprise Agreement continues to be negotiated;
- Mr Felstead and Mr Barton spoke to the Dinner by Heston matter noting that there had been a recent claim by the United Workers that Crown was liable for payment of the staff who were being underpaid. Crown has denied this claim and responded accordingly;
- Mr McGregor spoke to the building cladding matter and noted that Crown had lodged its submission to the appeals panel which is currently being assessed. Mr McGregor also noted that the business continues to work through analysing the other buildings at Crown in a proactive manner to identify any issues that may need consideration;
- [SUBJECT TO LEGAL PROFESSIONAL PRIVILEGE] Mr McGregor spoke to the payroll review matter noting there had been no material during the reporting period, however considerable amount of work continues in the background on this matter.

4. Development Update:

Mr Nisbet spoke to the Development Update which was taken as read. Mr Nisbet noted the following matters:

- some work may be required on the Dinner by Heston venue in due course;
- consideration was being given to options for the Rosetta space which will be developed for discussion in due course; and
- consideration has been given to Queensbridge concepts, noting the relationship to possible heritage issues.

5. Audit and Compliance Updates

Mr Preston spoke to the Audit and Compliance Update which was taken as read.

Regulatory & Governance Update:

Mr Preston spoke to the Regulatory & Compliance Update which was taken as read.

Mr Preston specifically noted the following matters:

- the AUSTRAC Compliance Assessment continues with a specific reference to Politically Exposed Persons and High Risk Customers. Crown had responded to the various information requests received through formal notices from AUSTRAC and has continued to provide further information following additional requests from AUSTRAC;
- management continues to work with AUSTRAC on its industry wide Risk Assessment of Junkets, including the provision of a considerable amount of material from Crown to AUSTRAC. It was expected that a draft report may be available some time after Chinese New Year, however we have not yet received it;
- the Joint AML/CTF Program continues to be reviewed and

assessed by the new Group General Manager AML with a revised and updated implementation plan to be developed;

- Mr Preston provided an overview of the current status of the ILGA Inquiry, the ACLEI Investigation and the Class Action;

The Board noted the following adjustments to the Risk Profile:

- as a result of the main Enterprise Agreement being successfully negotiated, the overall residual risk rating for Industrial Action has reduced to 'unlikely/moderate', or an overall 'moderate risk';
- in anticipation of the first day of the public hearing for the ILGA Inquiry, which took place on 21 January 2020, the 'major reputational damage' risk was increased to 'almost certain', or an overall 'critical risk' due to the extensive media coverage. The Crown Resorts Board is currently managing this risk through the Brand Sub-Committee and no escalation or action needs to be undertaken at this stage;

Mr Demetriou noted that he had a number of positive meetings with stakeholders during the period.

Section 25 Review Update:

Mr Preston spoke to the Section 25 Review Update which was taken as read.

Mr Preston advised the Board on the current status of the Recommendations, noting that work was continuing with the VCGLR regarding its responses.

Audit Committee Minutes:

Mrs Korsanos spoke to the Audit Committee Minutes dated 30 January 2020 which were taken as read.

Compliance Committee Minutes:

Professor Horvath spoke to the Compliance Committee Minutes dated 30 January 2020 which were taken as read.

6. Responsible Gaming Update:

Professor Horvath spoke to the Minutes of the Responsible Gaming Committee meeting dated 4 December 2019 which were taken as read.

7. Occupational Health & Safety Report:

Professor Horvath spoke to the Occupational Health & Safety Committee Report dated December 2019 which was taken as read.

8. Other Business:

Written Resolution – Board Changes:

Ms Manos spoke to Agenda Item 8.1 regarding Board changes. It was **RESOLVED** that:

- the resignation of John Alexander as Director and Chair of Crown Melbourne Limited be noted; and
- Andrew Demetriou be appointed as Director and Chair of Crown Melbourne Limited subject to:
 - receipt by Crown Melbourne Limited of a signed written

consent from Andrew Demetriou to act as Director of Crown Melbourne Limited; and

- receipt of all necessary regulatory approvals in respect of the relevant above appointments.

Closure:

There was no further business and the meeting was declared closed at 1.30pm.

Signed

A large black rectangular redaction box covering the signature of Andrew Demetriou.

Andrew Demetriou