

**CROWN MELBOURNE LIMITED**

**MINUTES OF THE MEETING OF DIRECTORS  
HELD M6 - LEVEL 1, CROWN CONFERENCE CENTRE  
CROWN PROMENADE  
WEDNESDAY, 22<sup>ND</sup> FEBRUARY 2017  
1:00PM**

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**IN ATTENDANCE:**

**Board:**

Mr John Alexander (Chairman)  
Mr Kevan Gosper (Deputy Chairman)  
Mr Ken Barton  
Mrs Rowena Danziger  
Mr Barry Felstead  
Professor John Horvath

Ms Debra Tegoni (Secretary)  
Mr Michael Neilson (Co-Secretary)

**By invitation:**

Mr Alan McGregor  
Mr Todd Nisbet

**Apologies:**

Mr Rowen Craigie

**Minutes of meeting  
held on 15 December  
2016:**

The minutes of the Board meeting held on 15 December 2016 were approved.

**Matters Arising – Cyber Security Program**

As requested at the Board meeting on 15 December 2016, Mr Gosper met with Crown management on 20 December 2016 to discuss the company's Cyber Security Program.

Mr McGregor spoke to the Cyber Security Program highlighting the following aspect of Crown's current Program:

- Security Awareness & End User Education
- Breach Detection & Perimeter Defence
- Security Threat Handling & Response
- Data Access Governance & Protection
- Preventative & Protective Security Controls
- Specialist Management & Consultancy
- Staff Training

He noted the company's appointment of expert consultant Comsec Global, an Israeli based global security firm, who were tasked with reviewing and advising on the company's current Cyber Security processes.

Mr McGregor presented the findings of Comsec Global's review and the current status of the Program and an overview of the enhancements planned for FY18.

Professor Horvath raised the concern of key Executives carrying phones while travelling overseas and noted the company's security measures which enabled Crown mobile devices to be wiped remotely.

The Cyber Security Program was noted with no further questions or matters raised.

**Financial Results:**

Mr Felstead presented and spoke to the Financial Results YTD and provided highlights from the following:

- December 2016 Half Year Results
- December 2016 Results Commentary
- Results YTD January 2017
- Executive Review
- Capital Report
- Balance Sheet
- Cash Flow
- Margin Improvement Projects

Mr Felstead advised that he had spoken to Mr Gosper on 21 February 2017 to provide him with a detailed update on the Financial Results YTD which followed on from the last Crown Resorts Board meeting.

It was noted that the half yearly Crown Resorts Financial Results would be announced on 23 February 2017.

The Financial Results YTD were noted with no further questions or matters raised.

**Current Issues:**

Mr Felstead presented and spoke to the Current Issues, and highlighted the company's commencement of a redundancy program as part of the Australian Resorts Trading Performance Initiative. The Board discussed the initiative focusing on labour cost reductions, workforce planning across properties, opportunities to centralise operations and the reassessment of all current contractor and sponsorship agreements.

The recent events in China were noted together with their continuing impact on the company's performance across the Australian properties.

Mr Felstead reported on the current adjustments to the use of VIP assets, noting the aircrafts' use for local and interstate customers and the adjustment of relevant hotel rates. He noted that Hotel Villas had again seen softer results due to the decline in VIP customers.

Mr Felstead advised that Gaming Machine results were still softer due to the volatile market. He noted the current initiatives in place for Gaming Machines and the drive to deliver more value for money.

The Current Issues were noted with no further questions or matters raised.

**Development Update:** Mr Nisbet presented and spoke to the Development Update highlighting that “Long Chim” had opened in January 2017 reoccupying the “No 8” space. He noted that Long Chim had seen a very successful opening period and received good media coverage.

He noted the continuing development of the old Galactic Circus which has been rebranded as a flagship King Pin venue.

Mr Nisbet advised that the application for an outbound Kings Way Digital Billboard above Riverside had been made by the Operator and is awaiting approval.

The Development Update was noted with no matters or issues raised.

**Audit and Compliance  
Committee Updates:**

**a. Audit Committee**

The draft minutes of the Audit Committee meeting held on 14 February were noted with no questions or matters raised.

**b. Compliance Committee**

Mr Neilson provided an update on the current status of the detention of Crown staff in China. It was noted that an application to extend the current investigation period a further two months had been applied for and that Crown was waiting on confirmation of the outcome of that application. Mr Neilson advised that Crown was continuing to provide in-country legal support to staff and also continued to work closely with the families to provide local support services.

Ms Tegoni provided an update on Department of Justice and Regulation’s Gaming Machine Harm Minimisation Review – Consultation Paper, noting that Crown continues to monitor this matter.

Ms Tegoni updated the Board on the Victorian Auditor-General Regulating Gambling and Liquor audit report on the regulating of gambling and liquor, which was released on 8 February 2017 and noted that Crown has engaged with the VCGLR in relation to the findings regarding the VCGLR’s oversight of casino operations outlined in that report.

The draft minutes of the Compliance Committee meeting held on 14 February were noted with no questions or matters raised.

**Responsible Gaming:**

**Responsible Gaming Committee**

The draft minutes of the Responsible Gaming Committee meeting held on 15 February were noted with no questions or matters raised.

**Other Business:** Mr Neilson spoke to the following financing matter.

**Declaration of Dividend Payment of Dividend:**

It was noted that the Company wishes to pay a dividend to its sole shareholder Crown Entertainment Group Holdings Pty Ltd in the amount of \$325 million.

On the basis that as at the proposed date of payment:

- the proposed dividend will be paid out of the Company's profits;
- the 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 Company to be fair and reasonable to the Company's sole shareholder; and
- the proposed dividend payment will not materially prejudice the Company's ability to pay its creditors,

it was **RESOLVED THAT** a dividend of \$325 million be declared and paid to the Company's sole shareholder Crown Entertainment Group Holdings Pty Ltd out of the profits of the Company, to be credited on the date of this resolution.

**Closure:** The meeting closed at 1:30pm.



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Chairman