

CROWN MELBOURNE LIMITED
MINUTES OF THE MEETING OF DIRECTORS
HELD GARDEN ROOM 1, LEVEL 1, CROWN TOWERS
WEDNESDAY, 21 JUNE 2017
12:20PM

IN ATTENDANCE:

Board: Mr John Alexander (Chairman)
Mr Ken Barton
Mrs Rowena Danziger
Mr Barry Felstead

Ms Debra Tegoni (Secretary)

By invitation: Ms Mary Manos
Mr Alan McGregor
Mr Joshua Preston
Mr Xavier Walsh

Apologies: Professor John Horvath
Mr Michael Neilson (Co-Secretary)
Mr Todd Nisbet

Minutes of meeting held on 22 February 2017: The Minutes of the Board meeting held on 22 February 2017 were approved.

Financial Results: Mr Felstead noted the Financial Results which were taken as read.

F18-F21 Financial Plan (incorporating F18 Budget) Mr Felstead spoke to F18-F21 Financial Plan which incorporated the F18 Budget. Mr Felstead noted specifically that there was modest growth anticipated which was tempered by a material increase in costs, specifically in the form of electricity costs. Mr Felstead also noted the potential upside in business from VIP however there was still some uncertainty in this part of the business. Mr Felstead also noted that although there was regulatory certainty provisions in the casino legislative framework, there could always be change to some extent which could not be predicted at this stage that could impact the plan. Overall the Financial Plan evidenced a conservative set of numbers.

Current Issues: Mr Felstead referred to the current business performance and indicated that local business had been consistent, however poor hold had continued in premium tables and machines which had an impact on the May forecast. If hold had been normal, forecast would have been exceeded.

Mr Felstead referenced the continuing comprehensive review of costs, particularly labour, which had occurred particularly during the second half of F17. This review had led to a reduction in head count of approximately 200 with an annualised saving of approximately

\$42m.

Mr Felstead presented and spoke to the Current Issues paper and noted Melbourne's focus on reactivating the gaming machine market through initiatives designed to grow visitation spend and market share together with presenting opportunities for on-spend across the rest of the property. Specifically Mr Felstead referred to the Lucky Lotto initiative which was launched in February and occurs every Friday. Mr Felstead also referred to the various Jackpot initiatives which enabled Crown to have a distinction from other venues that cannot compete as it was a unique selling proposition for Crown.

Mr Felstead also referenced the initiatives regarding the personalised service for patrons playing on machines, such as drinks trolleys in the Machine areas of the business which had been positively received.

Mr Felstead referenced initiatives including Dining Rewards and Welcome Back offers, and the relationship with Bowls Victoria to promote Crown Rewards to the Bowls Victoria Membership database. Mr Felstead advised that relationships with other businesses or entities with similar large scale databases of members would be considered, for example RACV. Mr Felstead reported on the Asian initiative proposal which had seen a positive take up, including a developing relationship with the Chinese Australia Jockey Club, together with a Vietnamese Appreciation Dinner. These initiatives were aimed to exposing Crown to a new market and reactivating patrons who had not been visiting Crown.

Other events planned as part of the Asian initiative proposal included the Saigon Teahouse launch and the Miss Australia/China Beauty Pageant.

- Development Update:** The Development Update was taken as read.
- Audit and Compliance Committee Updates:** There were no Audit and Compliance Committee Meetings for the period.
- Responsible Gaming:** The Responsible Gaming papers were taken as read.

Other Business: Resignations and Appointments

Company officer changes

Mr Alexander spoke to Agenda Item 8.1 "Resignations and Appointments".

It was noted that the Company had received written resignations from each of Rowen Craigie and Kevan Gosper as directors of the Company.

It was **RESOLVED** that the resignations of Rowen Craigie, with effect from 22 February 2017, and Kevan Gosper, with effect from 28 April 2017, as directors of the Company be noted.

It was also noted that Michael Neilson and Debra Tegoni would be stepping down from their current roles later in the year and the Company had received written resignations from each of Michael Neilson and Debra Tegoni as secretaries of the Company with effect from 30 June 2017. In order to fill the vacancies created by the resignations of each of Michael and Debra, it was proposed that Mary Manos and Joshua Preston be appointed as co-company secretaries of the Company.

It was **RESOLVED** that:

- (a) the resignations of Michael Neilson and Debra Tegoni as secretaries of the Company with effect from 30 June 2017 be noted;
- (b) Mary Manos be appointed as secretary of the Company subject to:
 - (i) receipt by the Company of a signed consent letter from Mary Manos to act as secretary of the Company; and
 - (ii) receipt by Mary Manos of any necessary regulatory approvals; and
- (c) Joshua Preston be appointed as secretary of the Company subject to:
 - (i) receipt by the Company of a signed consent letter from Joshua Preston to act as secretary of the Company; and
 - (ii) receipt by Joshua Preston of any necessary regulatory approvals.

Company Committee changes

It was noted that following Kevan Gosper and Rowen Craigie's recent resignations from the Board, a review of Committee membership had been undertaken.

It was **RESOLVED** that the Company's Committee membership be updated as follows:

- (a) Compliance Committee: John Horvath (Chair), Rowena Danziger, John Alexander and Barry Felstead; and
- (b) Audit Committee: Rowena Danziger (Chair), John Horvath and Ken Barton.

Amendment of Power of Attorney

Mr Alexander spoke to Agenda Item 8.2 "Amendment of Power of

Attorney”.

It was noted that by Power of Attorney dated 26 July 2013 (the **2013 Power of Attorney**), the Company delegated authority to a series of attorneys as defined in the 2013 Power of Attorney to sign various documents on behalf of the Company.

It was further noted that following recent changes to senior management, the delegated authorities granted by the Company should be updated.

The directors received and considered a new draft Power of Attorney (the **2017 Power of Attorney**) for the Company, appointing the following persons as the Company’s attorneys (each an **Attorney**):

- Barry Felstead, Chief Executive Officer, Australian Resorts;
- Ken Barton, Chief Financial Officer, Crown Resorts Limited;
- Alan McGregor, Chief Financial Officer, Australian Resorts; and
- Joshua Preston, Chief Legal Officer, Australian Resorts.

It was noted that each Attorney is to have the powers specified in the 2017 Power of Attorney.

The directors **RESOLVED** that:

- the 2013 Power of Attorney be and is hereby revoked;
- the 2017 Power of Attorney and the appointment of each Attorney under it is approved; and
- the 2017 Power of Attorney be executed by the Company in accordance with section 127 of the Corporations Act.

Deed of Cross Guarantee

Mr Alexander spoke to Agenda Item 8.3 “Deed of Cross Guarantee”.

It was noted that the following draft documents were taken as read:

- a revocation deed between the Company, its parent company Crown Resorts Limited ACN 125 709 953 (**Holding Company**) and 24 other wholly-owned subsidiaries (all listed in the deed of cross guarantee dated 3 June 2008 as amended by assumption deeds dated 18 February 2011, 21 June 2012, 28 May 2013 and 22 May 2015) (**Existing Deed of Cross Guarantee**) (**Revocation Deed**);
- a notice to creditors by joint public advertisement (**Notice to Creditors**);
- a deed of cross guarantee between the Company, the Holding

Company and 21 other wholly-owned subsidiaries of Crown Resorts Limited (all listed in the deed of cross guarantee, each being a **Group Entity**) (**New Deed of Cross Guarantee**); and

- a solvency statement to be signed by a director of the Company (**Solvency Statement**).

In respect of the Revocation Deed, it was noted that:

- the Company is a party to the Existing Deed of Cross Guarantee entered into pursuant to ASIC Class Order 98/1418 (the **Class Order**);
- in September 2016, ASIC replaced the Class Order with ASIC Instrument 2016/785 (the **ASIC Instrument**) and issued a revised ASIC Pro Forma deed of cross guarantee;
- in order to add a new company to the Existing Deed of Cross Guarantee, the Existing Deed of Cross Guarantee must either be amended to reflect the revised ASIC Pro Forma 24 deed of cross guarantee or a new deed must be executed in the form of revised ASIC Pro Forma 24 deed of cross guarantee;
- two new Crown Group entities will be required to obtain relief under the ASIC Instrument for the 2017 financial year and it is therefore proposed that the Existing Deed of Cross Guarantee be revoked in its entirety by the Revocation Deed, and 20 of the entities under the Existing Deed of Cross Guarantee (excluding the Holding Company) together with the two new Crown Group entities which were not previously parties to the Existing Deed of Cross Guarantee enter into the New Deed of Cross Guarantee;
- the following five entities which are parties to the Existing Deed of Cross Guarantee will not, after execution of the Revocation Deed, enter into the New Deed of Cross Guarantee:
 - (a) Flienn Pty Ltd ACN 122 556 656;
 - (b) Jade West Entertainment Pty Ltd ACN 068 580 610;
 - (c) Pennwin Pty. Limited ACN 086 229 012;
 - (d) Renga Pty Limited ACN 120 177 184; and
 - (e) Crown Gateway Luxembourg Pty. Limited ACN 156 299 133.

In respect of the New Deed of Cross Guarantee, it was noted that:

- the New Deed of Cross Guarantee requires the Company to guarantee the debts of every other company that is a party to the deed;
- in return, the Company will obtain the benefit of a guarantee of its own debts from every other company that is a party to the New Deed of Cross Guarantee;
- if the Company meets a claim by a creditor pursuant to the deed it can claim contribution from every other company that is a party to the New Deed of Cross Guarantee;
- the Company will be obliged to contribute to any claim made by

a creditor pursuant to the New Deed of Cross Guarantee against another company;

- the New Deed of Cross Guarantee can be revoked only in limited circumstances;
- the accounting relief available pursuant to the ASIC Instrument will result in recurrent cost savings for the group.

Having regard to the above, it was **RESOLVED** that:

- the Revocation Deed, in the form produced to the meeting or in any other form approved by any director of the Company, is hereby approved;
- it is for the benefit of the Company to obtain accounting relief and to execute the New Deed of Cross Guarantee;
- the Company should obtain the benefit of the ASIC Instrument;
- the Company should, having considered the advantages and disadvantages associated with remaining a party to a deed of cross guarantee with the Holding Company and each Group Entity, continue to be a party to a deed of cross guarantee with the Holding Company and the Group Entities as contemplated under the New Deed of Cross Guarantee;
- in the opinion of the directors, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- the New Deed of Cross Guarantee, in the form produced to the meeting or in any other form approved by any director of the Company, is hereby approved;
- any two directors or a director and secretary of the Company be authorised to execute the Revocation Deed and the New Deed of Cross Guarantee;
- the Solvency Statement is hereby approved and any one director of the Company be authorised to sign the Solvency Statement on behalf of the Board; and
- each of the directors and secretaries are separately authorised to take all steps necessary, including arranging for the publication of the Notice to Creditors, and to execute and lodge with ASIC such forms and documents as are necessary or desirable to give effect to the above resolutions.

Crown College Institute of Higher Education Proposal

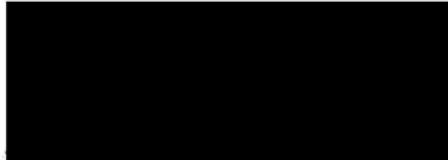
The Crown College Institute of Higher Educational Proposal paper at Agenda Item 8.4 was taken as read with Mr Preston highlighting key aspects of the Proposal. The Proposal was noted with Management to continue to progress the development of the draft Terms of Reference and the composition and detail of the Council and ultimately seek Board approval to establish the Council and adopt the Terms of Reference in due course.

Acknowledgement

Mr Alexander acknowledged Messrs Craigie, Gospar and Neilson and Ms Tegoni's service and contribution to the Board and company over many years and thanked them for their efforts.

▸ Closure:

The meeting closed at 12:45pm.



Chairman