



## Crown Resorts Limited (ABN 39 125 709 953)

Meeting of the Board of Directors held on Wednesday, 23 October 2019 at  
4.00pm at M7&8, Crown Promenade, 8 Whiteman Street,  
Southbank, Victoria

<b>Present:</b>	<p>John Alexander (Chairman) Helen Coonan Andrew Demetriou Geoff Dixon Jane Halton John Horvath Guy Jalland Michael Johnston Toni Korsanos Harold Mitchell John Poynton</p> <p>Mary Manos (Secretary)</p>
<b>By invitation:</b>	<p>Mark Arbib Ken Barton Karl Bitar Barry Felstead Lauren Harris Alan McGregor Todd Nisbet Peter Crinis (Agenda Item 9 only) Matthew Young (Agenda Item 1 only) David Bell (C T Group) (Agenda Item 1 only) Nigel Blunden (C T Group) (Agenda Item 1 only) Megan Dempsey (C T Group) (Agenda Item 1 only) Mark Gorter(C T Group) (Agenda Item 1 only) Richard Murphy (MinterEllison) (Agenda Items 7.2 and 8 only)</p>
<b>Apologies:</b>	<p>Nil</p>

**C|T Group Presentation:**

The C|T Group presentation was tabled at the meeting.

The C|T Group representatives presented the Committee with an overview of the work it had undertaken in the lead up to the Company's 2019 AGM and the preliminary quantitative research findings from focus groups research and field work conducted in relation to the allegations.

A revised draft of the Chairman's Address for the Company's 2019 AGM was tabled at the meeting.

The Board discussed the revised draft Chairman's Address and requested that, in relation to the AUSTRAC update, reference be made to the "many thousands of transactions" reported to AUSTRAC each year.

**Minutes of Meeting:*****Draft Minutes of Meeting held on 20 August 2019 and 11 September 2019***

It was **RESOLVED** that the draft Minutes of the Board Meeting held on 20 August 2019 and 11 September 2019 be approved.

***Written Resolutions dated 1 October 2019 and 4 October 2019***

It was **RESOLVED** that the Written Resolutions dated 1 October 2019 and 4 October 2019 be noted.

**Matters Arising:**

The Matters Arising paper was taken as read.

The directors confirmed their availability to attend a strategy day in Sydney on Friday, 20 March 2020.

**Trading Update:*****Current Trading***

Ken Barton and Barry Felstead spoke to the Trading Update to 20 October 2019 for the Group noting that:

- the results were largely in line with budget with:
  - Crown Melbourne – experiencing an increase in Gaming Machine market share, holding approximately 15% of the Victorian market share, noting however that Table Games was not performing as well;
  - Crown Perth – Gaming Machines was performing well, up approximately 4%, Table Games performance was down year on year and Hotels performance was down with new hotel openings in Perth;
  - Aspinalls and Wagering and Online – both were tracking

well against budget; and

- Corporate Costs – experiencing headwinds, particularly with expected D&O insurance renewal premiums.
- VIP performance was challenging, with regulatory tightening in Macau on junket operators. The trading update to be provided at the 2019 Annual General Meeting would reflect a 46% decline in VIP program play turnover.

Barry Felstead provided the Board with an overview of a number of initiatives at Crown Melbourne and Crown Perth, noting, among other matters:

- negotiations were continuing in respect of the Crown Melbourne Enterprise Agreement with the union claim for 4%, 3% and 3% per annum respectively over the three-year period and in respect of the Crown Perth Enterprise Agreement, the union had requested a 3% increase per annum over three years;
- in relation to the Crown Metropal Melbourne cladding issue, Crown Melbourne submitted a report to the Melbourne City Council which was prepared by fire engineers which proposes that rectification works to remove the cladding in high risk locations be undertaken, whilst cladding in low risk locations be retained, noting that this solution would cost approximately \$3 million, however, if all the cladding was to be replaced, it would cost approximately \$5 million. It was also noted that the replacement of the cladding was not covered by insurance and that there was no recourse available against the builder as the replacement was required as a result of a change in regulations;
- the Tap n Go capability proposed to be introduced to Crown Perth would be considered by the Risk Management Committee prior to launch;
- the Crown Melbourne initiatives were progressing well with Club 23 currently undergoing conversion;
- Crown Melbourne and Crown Perth had engaged a number of external consultants and lawyers to undertake a comprehensive review of workplace instruments and payroll compliance under legal professional privilege, which is expected to be completed towards the end of 2019.

The Board discussed the Enterprise Agreement negotiations and, having regard to the protracted negotiations, **RESOLVED** to delegate authority to the CEO – Australian Resorts to continue to negotiate an acceptable outcome.

The Board also discussed the cladding matter and the instrument and payroll compliance review and requested that these matters

be referred to the Risk Management Committee for oversight.

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

**CEO's Report:**

The CEO's Report was taken as read.

The Board endorsed the revised format of the CEO's Report.

Among other matters, Ken Barton and Mary Manos advised the Board of the following:

- the expected significant increase in D&O insurance premiums and potential difficulties in replicating the current coverage;
- in relation to the Dinner by Heston matter, Dinner by Heston had requested to meet with management in early November to discuss the matter;
- the State of Victoria and the VCGLR had agreed to Crown's revised financial state security arrangements, with the negative pledge having now been removed which would allow the Company to provide the required security to the State of New South Wales and ILGA;
- discussions with banks were continuing in relation to the Company's financing arrangements;
- the status of the potential sale of Crown Aspinalls, noting that the Inventive Star offer had not progressed, however, a new potential purchaser had approached the Company with an indicative purchase price of approximately \$50 million;
- the status of the proposed economy-wide cash payment limit;
- that Aspers had been offered approximately £35 million for its Stratford business; and
- Aspers licence was under review following the suicide of a patron after losing £25,000.

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

**2019 Annual General Meeting:*****Proxy Voting***

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

Mary Manos and Ken Barton advised the Board that the final proxy vote report had been tabled, noting:

- that 75.22% of securities had voted which excluded Melco Resorts & Entertainment Limited;
- the proxy adviser recommendations in respect of each resolution; and
- that Perpetual had voted against all resolutions for the reasons set out in the email correspondence which was attached to Proxy Voting memorandum.

The Board noted that further consideration would need to be given to the issues raised in the proxy adviser reports to determine whether any such issues could be addressed by the Company.

***Draft Chairman's Address***

It was noted that this item was addressed under Agenda Item 1.

***Draft Director Specific Q&A***

The Draft Director Specific Q&A was taken as read.

***Draft General Q&A***

The Draft General Q&A was taken as read.

It was noted that Stephen Mayne had indicated that he would be asking questions at the AGM in respect of the following matters:

- the Company's ASX disclosures, particularly in the context of the ACLEI investigation;
- the flow of information to Consolidated Press Holdings Pty Limited and to James Packer; and
- the appointment of Chris Reilly as Head of Tourism.

***AGM Arrangements***

The AGM Arrangements paper was taken as read.

Mary Manos advised the Board to meet in the Chairman's Office Boardroom by 9.45am for the procession to the River Room. It was also noted that Ken Barton would sit on the director's table at the AGM for the purpose of assisting with Q&A.

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**Crown Sydney:**

***Pre-opening Plan***

The Crown Sydney Operational Planning Update paper was taken as read.

Peter Crinis provided the Board with an update on the operational planning currently underway for the opening of Crown Sydney, noting among other matters, that:

- the Crown Sydney Operations Planning Team meets fortnightly to discuss recent progress, current key workstreams and upcoming milestones;
- approximately 260 expressions of interests for positions at Crown Sydney have been received from Crown Melbourne and Crown Perth staff;
- Sean Knights has been appointed EGM Gaming – Crown Sydney and Mark Holmes has been appointed EGM Non-Gaming – Crown Sydney; and
- engagement with the NSW regulator was continuing on an ongoing basis to progress discussions and seek clarification on regulatory matters required to be approved/obtained prior to opening.

***Restaurants***

The Crown Sydney Restaurants paper and presentation was taken as read.

Peter Crinis led a page turn of the Crown Sydney Restaurants presentation noting that there would be 10 restaurants (three through joint ventures, in addition to Nobu) and five bars.

**Development Update:**

The Development Update was taken as read.

***Crown Sydney***

Among other matters, Todd Nisbet highlighted that:

- two new contracts for Crown Sydney residences were expected to be entered into in the coming weeks; and
- the NSW Department of Planning issued its approval for 87 apartments which can be amalgamated as required.



*One Queensbridge*

In relation to the Company's acquisition of the Schiavello Group's 50% interest in the four parcels of land at Queensbridge Street, Southbank, Todd Nisbet advised that completion of the acquisition was expected to occur on 1 November 2019.

It was also noted that new drawings and a planning application would cost approximately \$3 million.

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

**Capital Management Update:**

The Capital Management Update paper was taken as read.

Having regard to the paper, it was **RESOLVED** that, in relation to the proposed Syndicated Facility Agreement, the Lead Managers and Book Runners and the Agent be comprised of any combination of the four major Australian banks (ANZ, Westpac, NAB and CBA) acting solely or jointly as determined by the Chief Financial Officer.

**Investor Relations Report:**

The Investor Relations Report was taken as read.

It was **RESOLVED** that the Investor Relations Report be noted.

**Committees:*****Audit Committee – Draft Minutes of Meeting held on 20 September 2019 and 4 October 2019***

The draft minutes were taken as read.

Helen Coonan noted that the Audit Committee had met in the period to consider the settlement of the Cannery tax litigation and the structuring of the Queensbridge acquisition.

It was **RESOLVED** that the draft minutes of meeting of the Audit Committee held on 20 September 2019 and 4 October 2019.

***Brand Committee – Draft Minutes of Meetings held on 22 August 2019, 29 August 2019, 12 September 2019, 19 September 2019, 26 September 2019, 3 October 2019, 11 October 2019 and 17 October 2019***

The draft minutes were taken as read.

Helen Coonan provided the Committee with an update on the matters considered at the Brand Committee meetings, noting, among other matters, that the Brand Committee had:

- approved the appointment of C|T Group to advise the Company on its AGM messaging, reputational matters arising

from the ILGA Inquiry and long-term brand messaging;

- been monitoring the Company's engagement with legal and regulatory bodies and the ILGA Inquiry; and
- approved additional resourcing to support the ILGA Inquiry process.

Mary Manos advised the Board that the Company had received three summonses under the ILGA Inquiry, two of which the Company had responded to.

Barry Felstead advised the Board that, to date, the Company had received approximately \$270,000 worth of cancellations of rooms and events as a result of the recent allegations made against the Company.

It was **RESOLVED** that the draft minutes of meeting of the Brand Committee held on 22 August 2019, 29 August 2019, 12 September 2019, 19 September 2019, 26 September 2019, 3 October 2019, 11 October 2019 and 17 October 2019 be noted.

***Nomination and Remuneration Committee – Written Resolution dated 25 September 2019***

The draft minutes were taken as read.

It was **RESOLVED** that the Written Resolution of the Nomination and Remuneration Committee dated 25 September 2019 be noted.

***Responsible Gaming Committee - Minutes of Meetings held on 9 October 2019***

The draft minutes were taken as read.

John Horvath advised the Board that a meeting of the Responsible Gaming Advisory Panel was scheduled to be held on 12 November 2019.

It was **RESOLVED** that the draft minutes of meeting of the Responsible Gaming Committee held on 9 October 2019 be noted.

**Other Business:**

***Subordinated Notes Quarterly Report***

The Subordinated Notes Quarterly Report was taken as read.

The directors acknowledge having received a copy of the draft Quarterly Report for the Crown Subordinated Notes II in relation to the period from 1 July 2019 to 30 September 2019 (the **Quarterly Report**).

It was **RESOLVED** that:

- the Quarterly Report be approved;
- the Company Secretary cause the Quarterly Report to be lodged with the Australian Securities and Investments Commission (ASIC); and
- a copy of the Quarterly Report lodged with ASIC be provided to Australian Executor Trustees Limited (in its capacity as Trustee of the Crown Subordinated Notes II issues).

#### ***Board and Committee Composition***

The Board and Committee Composition paper was taken as read.

It was noted that, following the conclusion of the 2019 AGM, Geoff Dixon would retire as a director of the Company and that a number of changes to the Committee would be required to replace Geoff which were set out in the paper with respect to this item.

The Board thanked Geoff for his contribution to the Company.

Having regard to the above, it was **RESOLVED** that Geoff Dixon's proposed retirement as a director of the Company following the 2019 AGM be noted and, following his retirement:

- Andrew Demetriou be appointed as Chair of the Nomination and Remuneration Committee;
- Jane Halton be appointed as Chair of the Risk Management Committee; and
- Toni Korsanos be appointed as a member of the Risk Management Committee.

The Board also noted that, following Geoff Dixon's retirement, the Crown Sydney Committee would be comprised of Helen Coonan, Jane Halton and John Horvath.

#### ***OH&S F19 Performance Report***

The OH&S F19 Performance Report was taken as read.

The Board noted the Company's OH&S performance in F19 noting that the report was positive.

#### ***Future Meeting Dates and Proposed 2021 Calendar***

The Board noted the future meeting dates.

Mary Manos requested that the Board consider the proposed 2021 calendar and provide her with any conflicts.

***"In Camera" Session:***

Management left the meeting at the commencement of this Agenda Item.

The Chairman tabled a Confidential and Privileged memorandum in relation to a complaint that had been received via the Company's Whistle-blower line. It was noted that the memorandum set out a recommendation for next steps for the Company.

The Board reviewed the memorandum and considered the recommendations. The Board was concerned to ensure that all participants in the investigation process were afforded due process.

It was **RESOLVED** that the Chairman of the Board together with the Chairman of the Occupational Health and Safety Committee be delegated responsibility for completing the investigation into the matter, with particular focus on due process, and for implementing an appropriate action plan.

**Closure:**

There being no further business, the meeting was declared closed at 8.00pm.

Signed as a correct record

A large black rectangular redaction box covers the signature of the Chairman. A blue line, likely a pen stroke, extends from the top right corner of the redaction box towards the right margin of the page.

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Chairman