



Crown Resorts Limited (ABN 39 125 709 953)

Meeting of the Board of Directors held on Thursday, 12 December 2019 at
10.00am at M7&8, Crown Promenade, 8 Whiteman Street,
Southbank, Victoria

Present:

John Alexander (Chairman)
Helen Coonan
Andrew Demetriou
Jane Halton
Guy Jalland
Michael Johnston
Toni Korsanos
Harold Mitchell
John Poynton

Mary Manos (Secretary)

By invitation:

Mark Arbib
Ken Barton
Karl Bitar
Barry Felstead
Lauren Harris
Alan McGregor
Todd Nisbet
Matthew Young (Agenda Items 1 to 6 only)
Richard Murphy (MinterEllison) (Agenda Items 7 and 8 only)
Glen Ward (MinterEllison) (Agenda Items 7 and 8 only)

Apologies:

John Horvath

Minutes of Meeting:

Draft Minutes of Meeting held on 23 October 2019

It was **RESOLVED** that the draft Minutes of the Board Meeting held on 23 October 2019 be approved.

Draft Minutes of Annual General Meeting dated 24 October 2019

It was **RESOLVED** that the draft Minutes of the Annual General Meeting held on 24 October 2019 be approved.

Written Resolution dated 29 November 2019

It was **RESOLVED** that the Written Resolution dated 29 November 2019 be noted.

Declaration of Interests:

It was noted that Declaration of Interests would be a standing item on the agenda to enable directors to inform the Company of changes in their interests / directorships.

Andrew Demetriou advised the Board that following the merger of Sportsbet and BetEasy (formerly CrownBet), he had resigned from the BetEasy Board.

Toni Korsanos advised the Board that she had been appointed as a non-executive director of Treasury Wine Estates with effect from 1 April 2020.

Harold Mitchell provided the Board with an update on the ASIC trial regarding his Tennis Australia directorship.

Matters Arising:

The Matters Arising paper was taken as read.

It was noted that an update on the cladding matter and instrument and payroll compliance matter would be provided at Agenda Item 12.4.

CEO's Report:

The CEO's Report was taken as read.

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

- Following amendments to the Victorian financial state security arrangements in October 2019, Crown delivered the security required in favour of the State of New South Wales in late November 2019.
- In relation to the proposed \$10,000 cash payment limit, draft rules were released by the Federal Government in late October which exempts casinos from the scope of the cash payment limit as an AML/CTF report. Management was continuing to consider the Company's position in respect of the exemption.
- Aspinalls had received two new approaches for the sale of its business, one from Suncity Group Holdings Limited and the

other from CST Group Ltd, both for greater than 50 million pounds.

- Aspers has a potential buyer for its provincial businesses.

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

Trading Update:

Current Trading

Ken Barton and Barry Felstead spoke to the Trading Update to 8 December 2019 for the Group noting that:

- Local Tables were down however volumes were holding;
- Hotels and F&B were slightly below budget;
- Corporate Costs were expected to increase significantly as a result of D&O insurance premiums, the ILGA Inquiry costs and the proposed brand campaign costs;
- Actual results were ahead of budget, however VIP volumes remain a concern; and
- Visitation had increased at Crown Melbourne and Crown Perth.

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

- in respect of the Crown Melbourne Enterprise Agreement settlement had been reached with a 3.25% increase per annum for three years;
- in respect of the Crown Perth Enterprise Agreement, settlement had been reached with a 2.25%, 2.25% and 3% increase respectively over the three-year period;
- advertisements for Crown Sydney recruitment had commenced with approximately 620 applications received to date; and
- the Crown Melbourne initiatives were progressing well with Club 23 and JJs expected to open prior to Christmas; and
- a new Group GM Anti-Money Laundering had been appointed.

The Board also discussed the proposal to set up an Australian Casino Integrity Group and requested that this be presented to the Risk Management Committee for further consideration.

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

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VIP Business Update:

The Strategic Review of the VIP Business Presentation was taken as read.

Ken Barton and Barry Felstead noted that management had undertaken a detailed strategic analysis and reforecast of the VIP Program Play business to determine the possible causes in the decline of the business, each of which were detailed in the presentation.

The Board discussed the decline in the VIP business at length, including the impact that the negative brand image was having on performance and the Company's conservative marketing strategy as compared to some of its peers.

It was **RESOLVED** that the VIP Business Update be noted.

REDACTED - PRIVILEGE



REDACTED - PRIVILEGE



ILGA Inquiry:

The Brand Committee update was escalated to follow the litigation update as Richard Murphy and Glen Ward were present.

Helen Coonan provided the Board with an update on the matters considered at the Brand Committee, noting that the Brand Committee had continued to meet on a weekly basis to consider the Company's brand reputation management and strategy, legal and regulatory engagement and to monitor the media.

It was noted that a brand strategy had been presented to the Brand Committee with an indicative budget of \$9 million to \$10 million, a copy of which would be uploaded to Diligent for the full

Board to review.

Having regard to the indicative budget for the Brand Strategy and the Company's Delegation Policy, it was **RESOLVED** that the paid advertising plan and budget proposal for the Brand Strategy be approved.

Mary Manos advised the Board that the Company had received:

- 18 summonses from the ILGA Inquiry and had been working closely with MinterEllison in relation to these, with the Company having responded to more than half of the summonses;
- a request for a statement of evidence from the Executive Chairman or another Company Director with an original due date of 10 December 2019.

REDACTED - PRIVILEGE



The Board discussed the request for the Company to provide a statement of evidence and the appropriateness of the recommendations of MinterEllison and **RESOLVED** that:

- Jane Halton, as Chair of the Risk Management Committee, be authorised to provide a statement on behalf of the Company regarding the process being undertaken by the Risk Management Committee to satisfy itself that there are no additional matters to disclose, beyond those which were the subject of the VCGLR's suitability assessment last year; and
- Subject to Ken Barton's approval, Ken Barton be authorised to provide a statement of behalf of the Company in respect of the other matters the subject of the request.

Helen Coonan noted that the Brand Committee would provide

support to Ken Barton in preparing the statement of evidence.

Helen Coonan also advised the Board that ILGA has contemplated the application of a supervisory levy on the restricted gaming licence at Crown Sydney as well as passing on the costs of the Inquiry to the Company.

The Board discussed ILGA's proposal and the contractual regime regarding the supervisory levy on the restricted gaming licence and expressed some reservation about the timing of any discussions regarding payments and levies whilst the Inquiry is underway.

The Board requested that the General Counsel and Company Secretary respond to the Chair of ILGA setting out the Company's understanding of the legal position in relation to the imposition of a supervisory levy and expressing the Board's reservation about the timing of these discussions.

Key Development Update:

The Development Update was taken as read.

Crown Sydney

Among other matters, Todd Nisbet highlighted that:

- management was continuing to monitor the impact of the smoke from the bushfires on the construction of Crown Sydney, noting that 14 out of 40 construction days had been lost as a result of the smoke, union action and high winds;
- the value of residential sales was expected to exceed \$600 million by the end of 2019;
- recent conveyancing law changes in New South Wales has required a number of changes to the sales contract documentation and procedures, including in relation to the treatment of deposits; and
- revised forecasts would be presented to the Board at the Strategy Day.

One Queensbridge

As a result of the Company's acquisition of the Schiavello Group's 50% interest in One Queensbridge, the Company had received a number of inquiries regarding the possibility of co-developing the site.

In relation to the City of Melbourne Office of Heritage and Urban Strategy's recommendation for the Queensbridge Hotel façade to be heritage listed, it was noted that the Company had opposed this recommendation and had filed a detailed response with the City of Melbourne.

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

Capital Management Update:

The Capital Management Update paper was taken as read.

Ken Barton advised the Board that even with the delay in executing the new Syndicated Facility Agreement, the Company's liquidity level was sufficient.

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 4 December 2019

The draft minutes were taken as read.

Helen Coonan advised the Board that the Committee had considered a proposal that a tender process be undertaken to consider alternative statutory auditors for the Company and had recommended to the Board that a tender process be undertaken to consider alternative statutory auditors for the Company, the details of which were included at Agenda Item 14.1.

In addition, the Committee had also considered a restructure of the DGN Games Group which management would continue to pursue in consultation with the minority shareholder.

It was **RESOLVED** that the draft minutes of meeting of the Audit Committee held on 4 December 2019.

Brand Committee – Draft Minutes of Meetings held on 1 November 2019, 7 November 2019, 14 November 2019, 21 November 2019, 28 November 2019 and 5 December 2019

The draft minutes were taken as read.

It was **RESOLVED** that the draft minutes of meeting of the Brand Committee held on 1 November 2019, 7 November 2019, 14 November 2019, 21 November 2019, 28 November 2019 and 5 December 2019 be noted.

Occupational Health and Safety Committee – Minutes of Meeting held on 4 December 2019

The draft minutes were taken as read.

It was **RESOLVED** that the draft minutes of meeting of the Occupational Health and Safety Committee be noted.

Risk Management Committee – Minutes of Meetings held on 4 December 2019 and Written Resolution dated 22 November 2019

The draft minutes and written resolution were taken as read.

Jane Halton provided the Board with an update on the following matters:

Cladding

It was noted that:

- The Committee received a detailed presentation from management on the cladding matter and, in relation to Crown Metropol Melbourne:
 - the Company had undertaken a number of initial mitigation measures and engaged external advisers to recommend a fire engineering solution which was provided to Melbourne City Council for approval;
 - based on the external assurances, the Committee endorsed the proposed fire engineering solution subject to the approval of the building appeals board;
- In relation to the Company's other Crown Melbourne buildings, management was proactively conducting a consistent process; and
- Notwithstanding the local authority in Perth having deemed Crown Perth "low" risk with no further action required, management would undertake an internal assessment of the Crown Perth properties, with the results to be reported to the Committee at a future meeting.

Instrument and Payroll Compliance Matter

It was noted that the privileged and confidential review which is being undertaken is not yet complete. Counsel has advised the Company

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It was **RESOLVED** that the draft minutes of meeting of the Risk Management Committee be noted.

Responsible Gaming Committee - Minutes of Meetings held on 4 December 2019

The draft minutes were taken as read.

It was **RESOLVED** that the draft minutes of meeting of the Responsible Gaming Committee held on 4 December 2019 and Written Resolution dated 22 November 2019 be noted.

Policies:***Whistleblower Policy***

The Whistleblower Policy paper and the draft Whistleblower Policy were taken as read.

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It was also noted that the Policy would be published on the Company's website in accordance with the fourth edition of the ASX Corporate Governance Principles and Recommendations.

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Having regard to the above, it was **RESOLVED** that the Whistleblower Policy, substantially in the form presented to the Board or in any other form approved by the General Counsel and Company Secretary, be approved and published on the Company's website.

Delegations Policy

The Delegations Policy paper and the draft Delegations Policy was taken as read.

It was **RESOLVED** that the revised draft Delegations Policy in the form presented to the Board be approved.

Other Business:***Review of Statutory Auditor***

The paper with respect to this item was taken as read and Helen Coonan's previous update was noted.

Having regard to the reasons set out in the paper and the Committee's recommendation, it was **RESOLVED** that a tender process be undertaken to consider alternative statutory auditors for the Company.

Crown Sydney Committee

The Crown Sydney Committee paper was taken as read.

Mary Manos noted that proposed Crown Sydney Committee meeting dates as set out in the paper and asked the members to

review the proposed dates and to advise of any conflicts.

It was **RESOLVED** that the John Horvath be appointed Chair of the Crown Sydney Committee and Michael Johnston be appointed as a member of the Crown Sydney Committee.

Crown Group Subsidiary Annual Reviews

The Crown Group Subsidiary Annual Reviews paper was taken as read.

It was noted that meetings of all the Company's Australian subsidiaries (other than Crown Melbourne Limited and Burswood Limited) would be held as part of this meeting to pass the resolutions set out in the annexure to the paper.

Arrangements for Board Strategy Day

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

Future Meetings

The Board noted the future meeting dates.

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

"In Camera" Session:

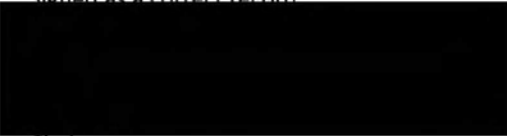
Management left the meeting at the commencement of this Agenda Item.

The Chair subsequently informed the Company Secretary that there were no action items arising from the "In Camera" Session.

Closure:

There being no further business, the meeting was declared closed at 1.15pm.

Signed as a correct record


Chairman