



## Crown Melbourne Limited (ACN 006 973 262)

Meeting of the Board of Directors held on Tuesday, 1 December 2020  
at 10.00am by videoconference

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**Present:**

Andrew Demetriou (Chair)  
Ken Barton  
Rowena Danziger (from 10.35am)  
Barry Felstead  
John Horvath  
Toni Korsanos

Mary Manos (Secretary)

**By invitation:**

Alan McGregor  
Todd Nisbet  
John Salomone  
Xavier Walsh

**Apologies:**

Joshua Preston

**Minutes of Previous Meetings:**

***Minutes 11 August 2020***

It was **resolved** that the Minutes of Meeting held on 11 August 2020 be approved.

***Minutes 2 September 2020***

It was **resolved** that the Minutes of Meeting held on 2 September 2020 be approved.

***Minutes 2 November 2020***

It was **resolved** that the Minutes of Meeting held on 2 November 2020 be approved.

**Financial Results:**

Alan McGregor presented the financial results for YTD October 2020.

Among other matters, it was noted that:

- The Company had been tracking through the closure period at a daily loss rate of between \$570K to \$600K;
- Since the Company had re-opened in restricted capacity, the customer response had been underwhelming with feedback received that the 90 minute dwell time on-property was not popular;
- On account of the subdued opening, daily loss rates for some days increased to between \$800K to \$1m; and
- Since the easing of restrictions, results had come back a little and the Company was hopeful that there might be further easing of restrictions in the near future.

It was noted that the forecast which had been included in the papers reflected an assumption that gaming would re-open from 1 December 2020 and that current restrictions on opening were worse than anticipated when preparing the forecast.

In response to a question from Toni Korsanos on cash flows, John Salomone noted that the intercompany loans receivable by the Company represented excess cash that has been swept by Crown Resorts over time and are classified as non-current receivables, which have accumulated to around \$850m over a number of years.

**CEO's Report:***Melbourne reopening*

It was noted that from 25 November 2020, the Company had been allowed to increase the maximum number of customers to 1,000 but subject to social distancing requirements.

Xavier Walsh provided the Board with an update on the implementation of the restricted opening of the Company including the creation of 22 gaming zones with individual COVID Marshalls, the creation of a booking system for customers and restrictions on customers moving between zones. The various challenges with the restricted operating model were noted.

In response to a question from John Horvath, Xavier Walsh noted that distance markers are in place for the cage which, together with the introduction of buy-in desks and pre-existing redemption terminals would be used to manage social distancing requirements.

It was noted that the Company had requested that the Government give consideration to moving to a 1 in 4 square metre

restricted model without the requirement for zoning but with other social distancing processes in place. It was noted that this would allow the Company to open to the public, remove the booking system and allow the Company to stand up a much greater number of staff with the exception of, for example, international staff, conventions and entertainment staff.

#### *Arrangements for smoking*

Xavier Walsh noted that the Company is continuing to require patrons to step outside to smoke notwithstanding its smoking exemption.

The Board discussed the issue of smoking generally noting work had been done by management across its businesses to consider the issue and it was noted that the Crown Resorts Board would continue to monitor the matter.

It was noted that while the Company had invested heavily in air quality technology and had the support of contractual protections to meet this customer preference, further work should be done to understand the risks and competitive landscape as part of future considerations on this issue in light of mounting community pressure to transition away from smoking.

#### *Restaurants and hotels*

In response to a question from Andrew Demetriou, Xavier Walsh confirmed that most of the restaurants outside of the gaming floor had now opened and that Crown Towers hotel occupancy had improved with 45% occupancy across the previous week together with stronger average room rates.

#### *Tennis Australia Hub*

Xavier Walsh informed the Board that the Company had been approached by Tennis Australia to consider offering Crown Promenade as a hub for international tennis players and their entourages for the Australian Open in early January. It was noted that while the potential value to the Company could be between \$3 and \$5 million, careful consideration would need to be given to DHHS requirements and the terms of the proposed arrangement.

It was noted that Company had previously declined to continue with international quarantine arrangements more generally on account of the onerous requirements including a request for a Company funded \$50 million public liability policy and contractual transfer of liability.

The Board was concerned about the level of risk that the arrangement may introduce and requested that careful consideration be given to the request once details are received.

*International VIP*

It was noted that a restructure of this business was in the process of being implemented with a focus on the closure of the Company's office in Hong Kong and the termination of international staff.

It was further noted that:

- all junket operators have been advised that the Company is terminating junket arrangements;
- funds which had been received unsolicited from the Star from the account of Chau Cheok Wa had been returned to the Star's account following the receipt of legal advice; and
- the Company was seeking further advice in relation to

REDACTED - PRIVILEGE

In response to a question from John Horvath, Alan McGregor noted that junkets accounted for around \$30m to \$33m of net debt in the Australian businesses, and was supported by an additional \$20m reserve at the corporate level resulting in an outstanding exposure of around \$10m. It was also noted that the outstanding debt at Aspinalls will also be reviewed at the half year.

*JobKeeper*

The recent media in relation to the operation of JobKeeper payments was noted. Alan McGregor noted the pending decision in Qantas, which if decided adversely would affect the majority of corporate Australia.

**Development Update:**

The Development Update was taken as read.

Todd Nisbet informed the Board that the Company had received various expressions of interest to acquire non-core property of the Company which were being considered in light of current valuation work being conducted on those assets. It was noted that the Board would be kept updated on progress of these discussions.

It was otherwise **resolved** that the Development Update be noted.

**Audit and Compliance Update:*****Regulatory and Governance Update***

Mary Manos noted that it was proposed that the papers for all three businesses be aligned in 2021 with separate Agenda Items for AML in each of the papers.

Mary Manos and Ken Barton also provided an update to the Board on progress in responding to AUSTRAC's s167 Notice received in connection with its formal enforcement investigation into potential non-compliance with the AML/CTF Act and Rules.

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It was otherwise **resolved** that Regulatory and Governance Update be noted.

***Section 25 Update***

Mary Manos noted that there are two remaining recommendations to be responded to being recommendation 9 (deferred for 15 months in light of the impact of COVID-19) and recommendation 20 (deferred in light of the impact of COVID-19 and the ILGA Inquiry).

It was otherwise **resolved** that Section 25 Update be noted.

***Audit Committee Minutes – 23 November 2020***

It was **resolved** that the draft Minutes of the Audit Committee held 23 November 2020 be noted.

Toni Korsanos provided an update on the internal audit plans detailed in the papers, noting that while activity was low during the closure period, the internal audit team would now be working on a rolling quarterly plan with the aim of moving back to an annualised plan by May next year.

The proposed changes to the Company's Corporate Risk Map were also considered and approved, noting that these align with direction from the Crown Resorts Risk Management Committee.

***Compliance Committee Minutes – 23 November 2020***

It was **resolved** that the draft Minutes of the Compliance Committee held 23 November 2020 be noted.

**Responsible Gaming Update:*****Responsible Gaming Committee Minutes- 20 October 2020***

It was **resolved** that the draft Minutes of the Responsible Gaming Committee held 20 October 2020 be noted.

**Occupational Health and Safety Report:*****Occupational Health and Safety Committee Report – 11 August 2020***

It was **resolved** that the Occupational Health and Safety Committee Report be noted.

John Horvath requested that the Board or the Occupational Health and Safety Committee be periodically updated on compliance matters relating to implementation of COVID-19 restrictions.

***Occupational Health and Safety Board Report – F20 Performance Report – August 2020***

It was **resolved** that the Occupational Health and Safety Board Report – F20 Performance Report be noted.

**Other Business:*****Annual Review******Solvency declaration***

It was noted that the Company's annual review date is 25 October. The Company is required under Section 347 of the Corporations Act 2001 (Cth) to pass a solvency resolution within 2 months after the Review Date, of the Company.

Having regard to the financial situation of the Company and the financial support from its shareholder/s, it was **resolved** that, 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.

***Annual general meeting***

It was noted that shareholder/s of the Company would not require an annual general meeting for the financial year ended 30 June 2020.

***Incidental matters***

It was **resolved** that the Company Secretary of the Company be authorised to do anything required in connection with the foregoing resolutions, including lodging any notices required to be lodged with ASIC.



**Delegations Policy**

It was noted that the Audit Committee had recommended a change to the Delegation Policy to add the Chief Operating Officer as an Authorised Person and that it was proposed that the power of attorney be updated to reflect recent changes made to the Delegation Policy. It was further noted that the power of attorney may only be exercised where the relevant document to be executed has been approved in accordance with the Delegation Policy.

The directors acknowledged having received and considered a revised draft Power of Attorney (the **2020 Power of Attorney**) for the Company, appointing the following persons as the Company's attorneys (each an Attorney):

1. Chief Executive Officer – Australian Resorts
2. Chief Financial Officer – Australian Resorts
3. Chief Operating Officer – Crown Melbourne
4. A director of Crown Melbourne as recorded with the Australian Securities and Investments Commission as a current director at the date of signing;
5. A secretary of the Crown Melbourne as recorded with the Australian Securities and Investments Commission as a current secretary at the date of signing.

It was noted that each Attorney is to have the powers specified in the 2020 Power of Attorney.

It was also noted that the Power of Attorney dated 13 August 2019 be revoked.

It was **resolved** that:

- the revised Delegations Policy, in the form presented to the Board, be approved;
- the 13 August 2019 Power of Attorney be revoked;
- the 2020 Power of Attorney and the appointment of each Attorney under it be approved; and
- the 2020 Power of Attorney be executed by the Company in accordance with section 127 of the Corporations Act.

**Contract Approval**

It was noted that the Company was being requested to approve a variation (Variation) to an existing agreement with Canon Australia Pty Ltd (Canon) in relation to the supply of products and services for printing devices and maintenance for the three Crown properties (Agreement).

It was further noted that the Variation had been presented to the Board for consideration on account of the long-dated term.

It was **resolved** that:

- (a) it is in the best interests of the Company to enter into the arrangements with Canon;
- (b) the Company be authorised to enter into the Variation;
- (c) (i) any two directors; or (ii) a director and company secretary of the Company; or (iii) a director under the Power of Attorney for the Company be authorised to execute the Variation on behalf of the Company; and
- (d) any director or secretary of the Company be authorised to do all further acts and things as may be necessary (in their opinion) for the Company to enter into and give effect to the transactions contemplated by the Variation, any document referred to in that document or any other document that is necessary or desirable to give effect to such transactions.

**Other Business:**

Andrew Demetriou provided the Board with the following additional updates:

- a meeting had been held with Fiona Patten MP which Helen Coonan, Ken Barton and Chris Reilly also attended to brief Ms Patten on Crown's reform agenda;
- it is proposed that the Company engage with Michael O'Brien, leader of the opposition; and
- updates have also been provided to Tim Pallas and Martin Pakula.

Andrew Demetriou requested that consideration be given to some positive promotion around the re-opening of Crown Melbourne.

The Board complimented the management team on the efforts involved in re-commencing operations at Crown Melbourne noting the challenges that the task involves, and requested that staff continue to be communicated with periodically.



**Closure:**

There being no further business, the meeting was declared closed at 11.10am.

Signed as a correct record

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Chairman

DRAFT