



Crown Melbourne Limited

Meeting of the Board of Directors held on Tuesday, 13 August 2019 at 10.00am
at Chairman's Office Boardroom, Level 3, Crown Towers

Members Present:

Mr John Alexander (Chairman) (by teleconference)
Professor John Horvath
Mrs Rowena Danziger (by teleconference)
Mrs Toni Korsanos
Mr Barry Felstead
Mr Ken Barton (by teleconference)

Mr Joshua Preston (Co-Secretary)
Ms Mary Manos (Co-Secretary)

By Invitation:

Mr Michael Johnston
Mr Alan McGregor
Mr Xavier Walsh

Apologies:

Mr Todd Nisbet

BUSINESS

1. Draft Minutes of Meeting:

Minutes of Meeting held on 7 June 2019:

It was **RESOLVED** that the Minutes of the Board Meeting held on 7 June 2019 be approved.

2. Financial Results:

Mr Felstead spoke to the July Results and noted the following:

- it had been a good start to the year in local;
- VIP had \$8 billion turnover last year with a favourable win rate, however this year's performance had not been as strong;
- support departments were performing favourably to budget;
- last year we had strong hold in Table Games compared to this year which is down in hold;
- Gaming Machines had a strong performance through July with turnover up on budget and last year;

- Food & Beverage is in line with budget but down on last year. It was noted that last year at the same time we had the Soccer World Cup and Pink performing in Melbourne which provided solid Food & Beverage activity;
- Hotels were up on budget, however down on last year;
- a number of premium players are currently not visiting who were here last year, noting specifically the absence of some strong interstate premium players;
- Mr Felstead also spoke to the month to date noting as follows:
 - it had been an average month to date performance, with the business currently down on budget and significantly down on last year (this is mainly due to VIP);
 - local was down on budget, largely associated with a poor hold rate;
 - Gaming Machines are performing well;
 - Conferencing was currently performing softly;
 - Hotels were currently down on budget;
 - the USA Basketball team is staying at Crown Melbourne next week, however business was not as strong as expected due to the star performers pulling out and being replaced with less high profile players;
 - the main issue the business is currently experiencing is a soft VIP performance, however the local business was standing up reasonably well.

3. F20-F23 Financial Plan (incorporating F20 Budget)

Mr Felstead noted that Mr McGregor and himself would take Rowena Danziger through the F20-F23 Financial Plan (incorporating F20 budget) in a separate session.

4. Current Issues:

Mr Felstead spoke to the Current Issues Update which was taken as read. Mr Felstead noted the following:

- a number of initiatives are currently underway involving capital investment with a focus on improving property performance including converting Club 23 into a premium gaming facility with works expected to be completed prior to New Year's Eve;
- conversion of JJs into a premium gaming machine area with an expected completion date of January 2020;
- further expansion of Teak Room non-smoking offering which was completed and opened on 8 August. This area now contains 101 machines and initial indications show a positive result in performance;

- the Dragons Den initiative in the West End was completed and opened in July 2019;
- expansion of the gaming sales team with recruitment of appropriate staff currently underway;
- continued focus on Mahogany Room promotional activity;
- business is trialling a new Black Jack side bet called Spreadbet Black Jack which is performing satisfactorily at best;
- we now have 250 Lightning Link machines on the floor and 560 Dragons Link (which includes Dragons Link and Dragons Cash) on the floor;

Mr Alexander requested that Mr Walsh update the details on the age profile of EGMs and recirculate.

Mr Walsh noted that the performance of the gaming network was down 1.7%, which was the 8th consecutive negative month performance. Comparatively, Crown was up 5.4% for the month, being 15% over a 12 month rolling share, compared with 14.3% last year. It was also noted that Crown has been progressively picking up greater market share which in his view was largely attributable to the new product which was driving performance.

Mr Felstead went on to note the following:

- the Food Harvest specials continue to be very popular across the main gaming floor;
- food outlets in Riverside and Teak Restaurants are the most popular choice of restaurants for Crown Rewards members;
- there are currently a total of 190 indigenous employees under the Indigenous Employment Program with 106 in Melbourne and 84 in Perth;
- there are currently 290 CROWNability employees across the Resorts with 137 in Melbourne and 153 in Perth;
- there have been 4 Stakeholder tours in July;
- the Area Managers' EA had been agreed with rates of 2.5% each year for three years. This was voted on in favour by 80% of the people who voted;
- the United Voice EA is currently under negotiation, with Crown and United Voice currently having different positions at this stage of the process;

Mr Walsh spoke to the cladding issue that related to Crown Metropal and noted the following:

- in May 2016 the City of Melbourne assessed cladding on Crown

Metropol as low risk;

- AIG conducted a review in 2017 and deemed it to be low risk as well;
- Crown does not have ignition points up the building (compared with some of the residential towers that have barbeques on balconies);
- in April 2019 a Show Cause Notice was issued by the City of Melbourne to Crown which Crown responded to in June with details supporting the low risk assessments that have previously been received;
- City of Melbourne responded by advising that a fire engineering solution was required;
- core samples were being tested on Metropol which may require some remedial works. In this respect, a quantity surveyor had been engaged;
- in Metropol the only areas that are relevant are the low rise areas and also the balcony on Level 28;
- we are currently waiting for options back from the Surveyor with a deadline of 12 September to respond;
- we do not currently have any Notices issued by the City of Melbourne for Promenade, however we are carrying out an investigation on the Promenade from a due diligence perspective;
- we are not currently working on Crown Towers, however once we finish with the investigation and any associated works with Promenade, we will move on to assessing Crown Towers as well.

Mr Walsh undertook to follow up with the insurers to see if they had any comments or position regarding this development.

5. Development Update:

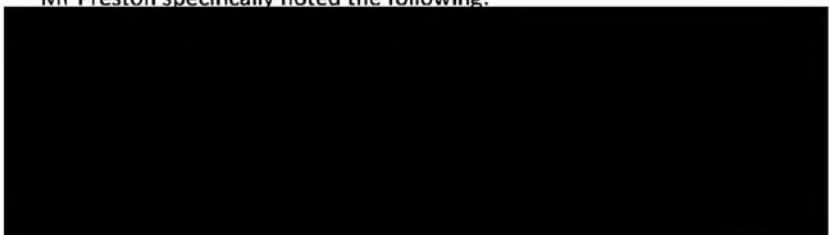
The Development Update was taken as read. Mr Felstead did note however that the work on installing Bollards continues with the project to be finalised shortly.

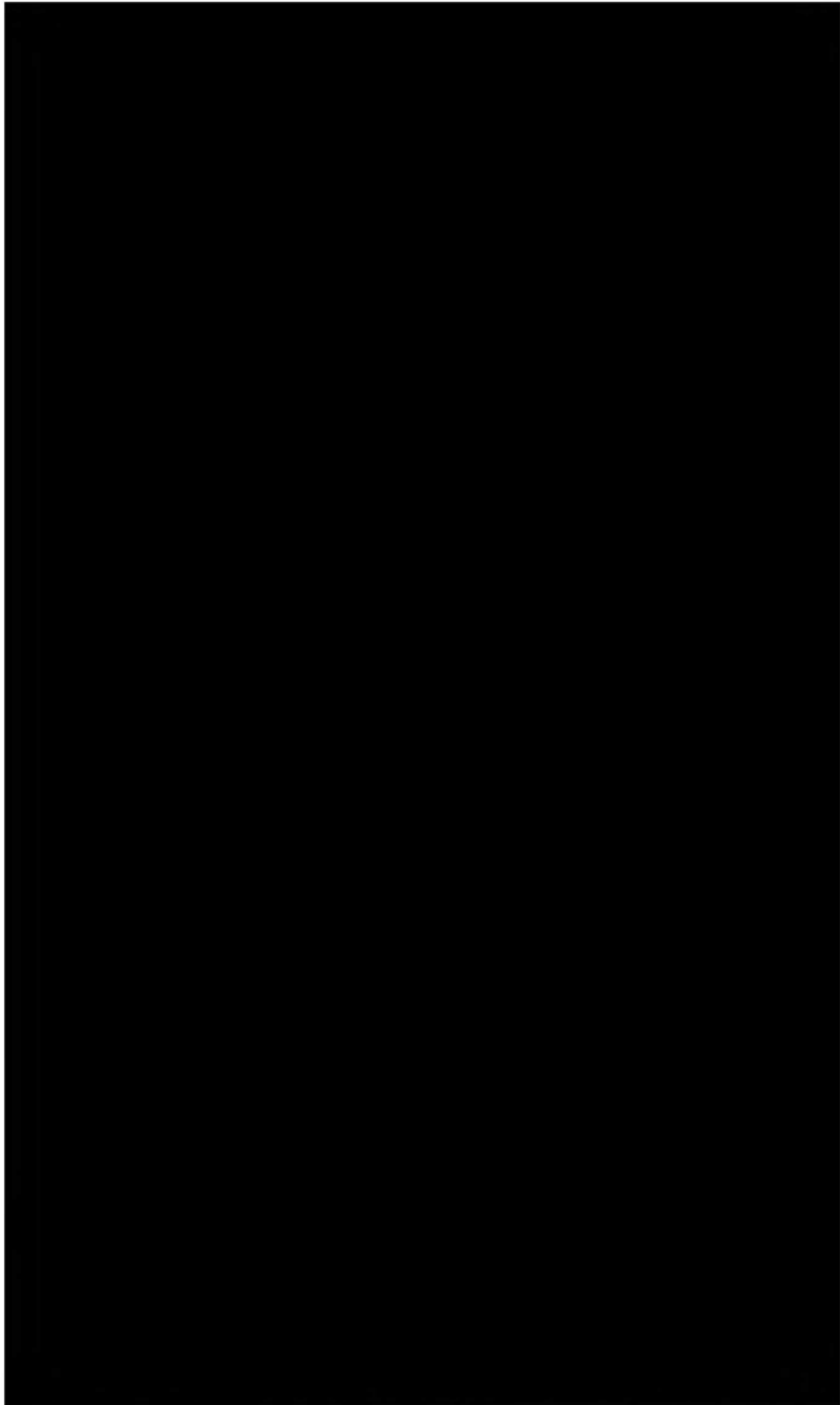
6. Audit and Compliance Updates:

Mr Preston spoke to the Audit and Compliance Update which was taken as read.

Regulatory and Governance Update:

Mr Preston specifically noted the following:





***AML/CTF Framework Update –
Joint AML/CTF Program***

Mr Preston spoke to the AML/CTF Framework update which was taken as read.

It was noted that the Framework and Joint AML/CTF Program had been discussed at length at the Compliance Committee. It was also noted that the Framework and the Joint AML/CTF Program would be provided to the Crown Resorts Risk Management Committee for its consideration and subject to any views, the expectation is that it would be endorsed with support for the Crown Melbourne and

Crown Perth Boards in due course adopting it.

It was noted that any amendments to the Program would, where relevant, be referred back to Crown Melbourne and Crown Perth Boards as part of formalising the adoption of the Program.

It was noted that Mr Preston would meet with Ms Danziger and take her through the detail of the Program at an appropriate time.

The Board **RESOLVED** to adopt the Joint AML/CTF Program with the AML/CTF Corporate Policy Statement subject to any views of the Crown Resorts Risk Committee and also the Crown Resorts Board.

Section 25 Review Update:

Mr Preston referred the Board to the Section 25 Update table and confirmed that all of the relevant Recommendations had been responded to by the relevant due dates. Those Recommendations were now being considered by the VCLGR Commission and we would expect correspondence back in due course.

Audit Committee Minutes:

Mrs Korsanos spoke to the Audit Committee Minutes dated 6 August 2019 which were taken as read.

Audit Committee Charter Proposed Changes:

Mr Preston spoke to the Crown Melbourne Limited Audit Committee Charter which had been amended. The Committee had approved the proposed changes which were now referred to the Board for approval. The Directors **RESOLVED** to approve the updated Charter.

Compliance Committee Minutes:

Professor Horvath spoke to the Compliance Committee Minutes dated 6 August 2019 which were taken as read.

Compliance Committee Charter Proposed Changes:

Mr Preston spoke to the Crown Melbourne Limited Compliance Committee Charter which had been amended. The Committee had approved the proposed changes which were now referred to the Board for approval. The Directors **RESOLVED** to approve the updated Charter.

7. Responsible Gaming Update:

Professor Horvath spoke to the Minutes of the Responsible Gaming Committee meetings dated 12 June 2019 which were taken as read.

8. Occupational Health & Safety Report:

There had been no Crown Resorts Occupational Health & Safety Meeting since the last Crown Melbourne Board Meeting which the Board noted.

9. Other Business:

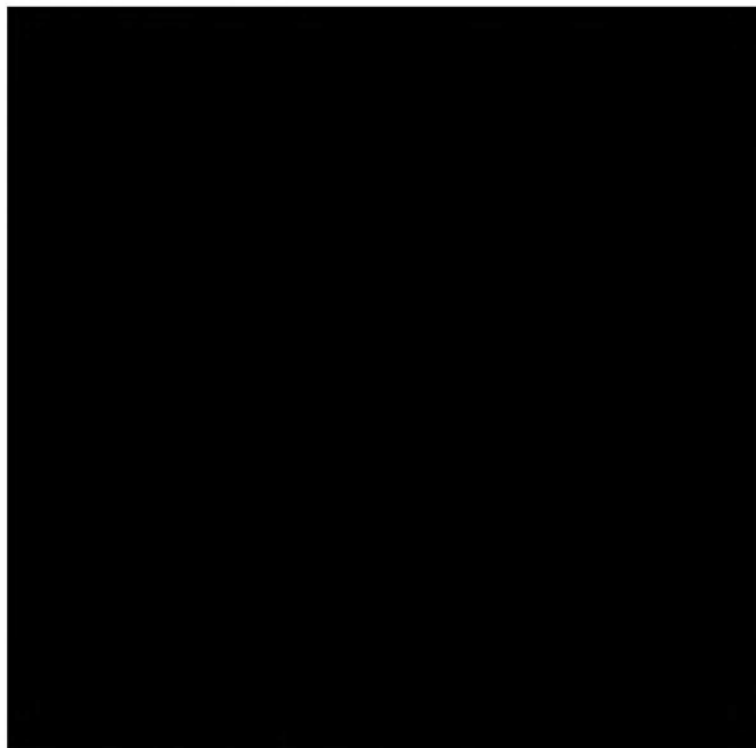
Financing Arrangements:

Mr McGregor spoke to the Financing Arrangements paper which was taken as read. The following was noted:

All provisions of the Corporations Act 2001 (Cth) and the constitution of the Company relating to the declaration of directors' direct or indirect personal interests in or conflicts with the SFA and the MOF Amendment and Restatement Agreement (each as defined below) (or the transactions contemplated by them), and the powers of interested directors to vote, were duly observed at the meeting.

Each director noted that the proposal for the Company to enter into the SFA and the MOF Amendment and Restatement Agreement (and the transactions contemplated by them).

New Syndicated Facility



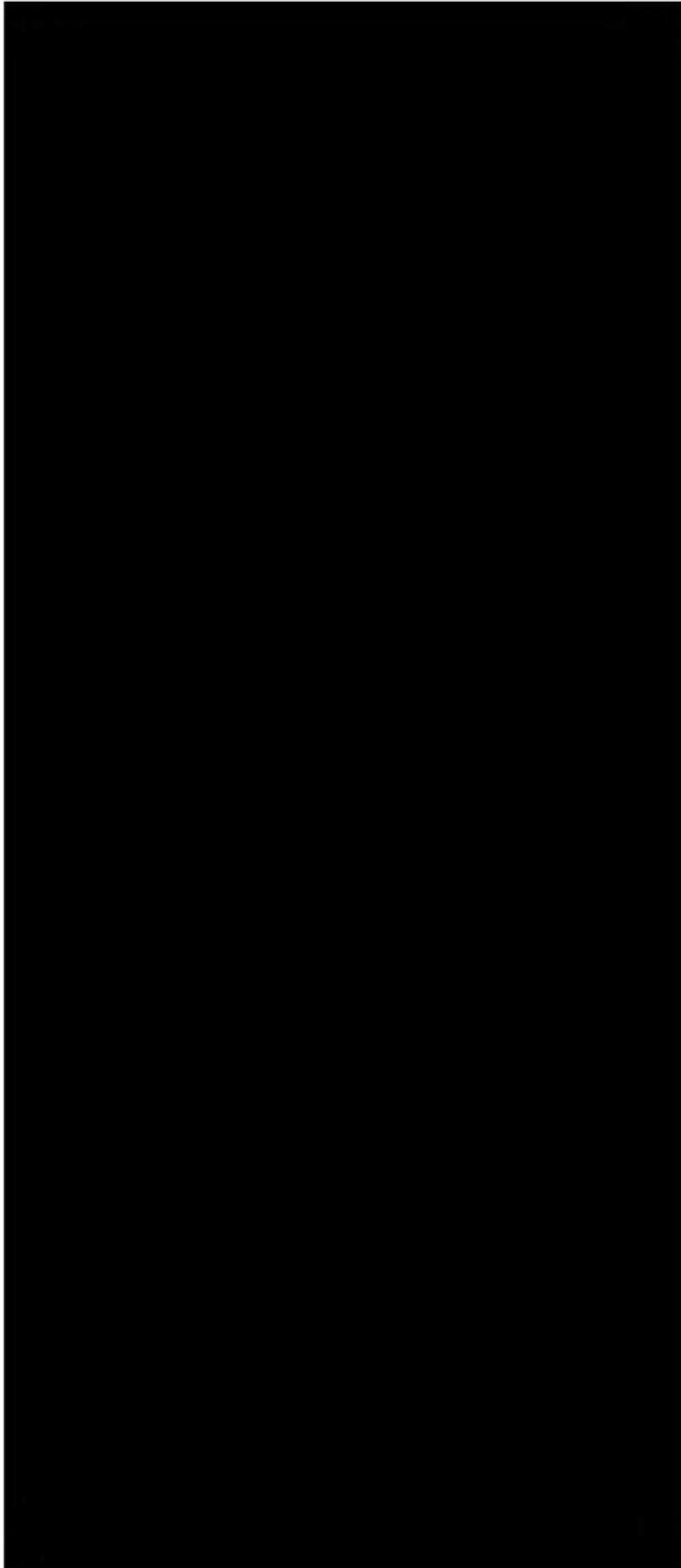
("Power of Attorney").

It was noted that:



(b) the key terms of the Facility were included in the paper with respect to this item;





(c)

(d)

- (e) all the directors believed it was in the Company's best interests to enter into the MOF Amendment and Restatement Agreement and to perform its obligations under the MOF Amendment and Restatement Agreement; and
- (f) having regard to all relevant circumstances and the proposed terms of the MOF Amendment and Restatement Agreement, the Company would be able to pay all its debts as and when they become due and payable and accordingly was solvent and there were reasonable grounds to expect that the Company would not become insolvent because of the MOF Amendment and Restatement Agreement or any transaction contemplated by the MOF Amendment and Restatement Agreement is executed or performed.

Resolutions:

It was **RESOLVED** that:

- (a) the establishment of the Facility;
- (b) the Guarantee; and
- (c) any extension and/or variation of the MOF, each be approved.

It was **RESOLVED** that the Company execute and enter into:

- (a) the SFA in the form produced to the meeting or in any other form approved by either two directors or a director and secretary of the Company, or by an Attorney;
- (b) the MOF Amendment and Restatement Agreement on the terms presented at the meeting or in any other form approved by either two directors or a director and secretary of the Company, or by an Attorney; and
- (c) any other document or agreement that either two directors or a director and secretary of the Company, or an Attorney considers necessary or desirable in connection with the SFA and the MOF Amendment and Restatement

Agreement or any transaction contemplated by them or the Guarantee.

It was **RESOLVED** that performance by the Company of its obligations under:

- (a) the SFA;
- (b) the Guarantee; and
- (c) the MOF Amendment and Restatement Agreement,

each be approved.

It was **RESOLVED** that the Power of Attorney be executed by the Company in any manner contemplated by section 127 of the *Corporations Act 2001* (Cth).

It was **RESOLVED** that John Alexander, Ken Barton and Mary Manos be authorised, on behalf of the Company, to execute and deliver (or enter in any other way into):

- (a) the SFA;
- (b) the MOF Amendment and Restatement Agreement; and
- (c) any other document or agreement that either two directors or a director and secretary of the Company or an Attorney considers necessary or desirable in connection with the SFA and the MOF Amendment and Restatement Agreement or any transaction contemplated by them or the Guarantee,

and to do anything else that they are authorised to do under the Power of Attorney.

It was **RESOLVED** that John Salomone, Travis Costin and Robert Nathan be authorised, on behalf of the Company, to execute and deliver (or enter in any other way into) drawdown and funding notices under the SFA and MOF Amendment and Restatement Agreement and to do anything else that they are authorised to do under the Power of Attorney.

It was **RESOLVED** that each of the following persons be appointed to act as an "Officer" (howsoever defined in the SFA and the MOF Amendment and Restatement Agreement) of the Company in terms of, and for the purposes of, the SFA, the MOF Amendment and Restatement Agreement and the Guarantee:

- (a) John Alexander, Executive Chairman, Crown Resorts Limited;
- (b) Ken Barton, Chief Financial Officer, Crown Resorts Limited;
- (c) Mary Manos, General Counsel and Company Secretary,

Crown Resorts Limited;

- (d) John Salomone, Group Financial Controller, Crown Resorts Limited;
- (e) Travis Costin, Group Treasury and Finance Manager, Crown Resorts Limited; and
- (f) Robert Nathan, Group Finance Manager, Crown Resorts Limited.

Delegation Policy – Powers of Attorney:

Ms Manos spoke to the Delegations Policy paper.

It was noted that following the adoption of the Delegation Policy by the Board on 7 June 2019, it was proposed that a Power of Attorney be put in place to authorise certain individuals to sign various documents on behalf of the Company for expenditure of up to \$10 million. 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 new draft Power of Attorney (the **2019 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. A Director of the Company as recorded with the Australian Securities and Investments Commission as a current director at the date of signing;
4. A secretary of the Company 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 2019 Power of Attorney.

It was also noted that the Power of Attorney dated 21 June 2017 be revoked.

It was **RESOLVED** that:

- the 2017 Power of Attorney be revoked;
- the 2019 Power of Attorney and the appointment of each Attorney under it be approved;
- the 2019 Power of Attorney be executed by the Company in accordance with section 127 of the Corporations Act.

Meat Supply Agreement – Approval:

Mr McGregor spoke to the Meat Supply – Award of Contract Agreement which the Board noted.

The Meat Supply – Award of Contracts memorandum was taken as read.

It was noted that:

- each director had duly observed all the provisions of the *Corporations Act 2001* (Cth) and the Constitution of the Company relating to the declaration of directors' direct or indirect personal interest in or conflict with the proposed Meat Supply Contracts;
- the Company had undertaken a process of negotiation with Top Cut Foods Pty Limited (**Top Cut**) and Global Meats (Australia) Pty Ltd (**Global Meats**) to agree terms relating the supply of meat products to the Company; and
- it was proposed that the Recommendation for Award dated 21 February 2019 (**RFA**) be accepted and that the Company enter into contracts with each of Top Cut and Global Meats for the supply of meat to the Company (together, the **Meat Supply Contracts**).

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

- (a) acceptance of the RFA and entry into the Meat Supply Contracts was in the best interests of the Company;
- (b) the tender submitted by Top Cut and Global Meats be accepted;
- (c) the Company be authorised to enter into the Meat Supply Contracts;
- (d) the performance by the Company of its obligations under the Meat Supply Contracts be approved;
- (e) any two directors or any one director and secretary of the Company be authorised to execute the Meat Supply Contracts on behalf of the Company; and
- (f) any two directors or any one director and secretary be authorised and appointed, on behalf of the Company, to perform and do all acts and things as are necessary or desirable to give effect to each of the above resolutions.

Waste and Bin Management Agreement – Approval:

Mr McGregor spoke to the Waste and Bin Management – Award of Contract paper which the Board noted.

The Waste and Bin Management Award of Contracts paper was

taken as read.

It was noted that:

- each director had duly observed all the provisions of the *Corporations Act 2001 (Cth)* and the Constitution of the Company relating to the declaration of directors' direct or indirect personal interest in or conflict with the proposed Waste and Bin Management Contracts;
- the Company had undertaken a process of negotiation with Ikon Services Australia Pty Ltd (**Ikon**) to agree key commercial terms relating the movement and disposal of all waste to the Company; and
- it was proposed that the Recommendation for Award dated 17 July 2019 (**RFA**) be accepted and that the Company enter into contracts with Ikon for the movement and disposal of all waste to the Company (together, the **Waste and Bin Management Contracts**).

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

- (a) acceptance of the RFA and entry into the Waste and Bin Management Contracts was in the best interests of the Company;
- (b) the tender submitted by Ikon be accepted;
- (c) the Company be authorised to enter into the Proposed Agreements;
- (d) the performance by the Company of its obligations under the Waste and Bin Management Contracts be approved;
- (e) any two directors or any one director and secretary of the Company be authorised to execute the Waste and Bin Management Contracts on behalf of the Company; and
- (f) any two directors or any one director and secretary be authorised and appointed, on behalf of the Company, to perform and do all acts and things as are necessary or desirable to give effect to each of the above resolutions.

Material Contracts signed during the period:

Mr McGregor noted that there had been no contracts signed on delegation between the range of \$5 and \$10 million during the period.

Ms Danziger noted that with respect to the Crown College, all papers had now been submitted for the purpose of registration. Ms Danziger noted the positive efforts by Alicia Gleeson and Shane Thomas to get the application submitted which was now being considered and progressing positively. Ms Danziger undertook to keep the Board apprised of the applications progress.

Closure:

There was no further business and the meeting was declared closed at 10.25am.

Signed

A large black rectangular redaction box covering the signature of the chair.

Chair
John Alexander