



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

Meeting of the Board of Directors held by videoconference  
on Wednesday, 21 October 2020 at 1.00pm

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| <b>Present:</b>            | <p>Helen Coonan (Chairman)<br/>         John Horvath (Deputy Chairman)<br/>         John Alexander<br/>         Ken Barton<br/>         Andrew Demetriou<br/>         Jane Halton<br/>         Guy Jalland (All Agenda Items other than Agenda Item 18)<br/>         Michael Johnston (All Agenda Items other than Agenda Item 18)<br/>         Toni Korsanos<br/>         Harold Mitchell<br/>         John Poynton (All Agenda Items other than Agenda Item 18)</p> <p>Mary Manos (Secretary)</p>             |
| <b>By invitation:</b>      | <p>Peter Crinis (Agenda Item 5.3 only)<br/>         Lauren Harris (All Agenda Items up to Agenda Item 17)<br/>         Alan McGregor (All Agenda Items up to Agenda Item 17)<br/>         Todd Nisbet (All Agenda Items up to Agenda Item 17)<br/>         John Salomone (All Agenda Items up to Agenda Item 17)<br/>         Richard Murphy (MinterEllison) (Agenda Item 9 and 10 only)<br/>         Glen Ward (MinterEllison) (Agenda Item 9 and 10 only)<br/>         Neil Young QC (Agenda Item 9 only)</p> |
| <b>Apologies:</b>          | <p>Barry Felstead</p>   |
| <b>Minutes of Meeting:</b> | <p><b><i>Draft Minutes of Meeting of the Board held on 28 August, 2 September, 9 September and 10 September 2020</i></b></p> <p>It was <b>RESOLVED</b> that the draft Minutes of the Board Meetings held on 28 August, 2 September, 9 September and 10 September 2020 be approved.</p>  |

**Declaration of Interests:**

The Declarations of Interests paper was taken as read.

Harold Mitchell advised the Board that the People, Remuneration and Nomination Committee had considered Toni Korsanos' appointment as Executive Vice Chair of Scientific Games having regard to the test for independence in the Board Charter and that the Committee resolved that the classification of Mrs Korsanos as independent was supportable.

Toni Korsanos noted that she was only a consultant for Scientific Games, was not involved in customer relationships and would declare any conflicts if they arose.

It was noted that the declarations which have been made since this Agenda Item was added to the Board agendas would be summarised into a formal list for inclusion in the Diligent portal resource materials.

**Matters Arising:**

The Matters Arising paper was taken as read.

**CEO's Update:*****CEO's Report***

The CEO's Report was taken as read.


The Board discussed the proposed soft opening of Crown Sydney at length noting that Helen Coonan and Jane Halton were proposing to meet with ILGA to discuss the proposal.

Among other matters, Ken Barton noted the following:

- On 13 October 2020, Crown received an information request from ASIC in respect of the financial report for the year ended 30 June 2020 with a response due by 28 October 2020.
- On 2 October 2020, the VCGLR issued Crown Melbourne with a Show Cause Notice as to why disciplinary action should not be taken against Crown with regard to the three persons the subject of a section 26 Notice, with the Notice alleging that Crown Melbourne failed to comply with its Junket Internal Control Statement.
- A presentation to the VCGLR was scheduled to provided together with Mary Manos and Xavier Walsh on the Company's governance and compliance enhancements.
- Allens had been engaged to assist the Company with the AUSTRAC enforcement investigation, noting that enhanced due diligence was being undertaken on all 26 customers and that a meeting with Nicole Rose had been requested.
- In progressing the implementation of the AML/CTF Joint Program which was approved by the Board in August 2019,

the AML team have considered the operationalisation of the new joint AML/CTF Program and are in the process of developing a revised program which will be presented to the Board in due course.

- The Western Australian WorkSafe Commissioner has sought information from Crown Perth in relation to the scope of the smoking exemption.

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- Management is continuing to engage with the Fair Work Ombudsman in relation to the instrument and payroll compliance review.
  - All regulatory approvals had been received in respect of the proposed appointment of KPMG as the Company's auditor.

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

***Progress on Enhancement to Compliance and Governance Processes***

The update on the Enhanced Compliance and Governance Processes was taken as read.

In relation to the proposed appointment of the Head of Compliance and Financial Crimes, it was noted that Jane Halton would meet with the candidates and that Jane Halton and Toni Korsanos would be provided with a shortlist of candidates for the Head of Culture and Human Resources position.

It was **RESOLVED** that the update be noted.

***Financial Summary***

Ken Barton and Alan McGregor presented the Financial Summary and F21 Forecast which was taken as read.

Among other matters, it was noted that:

- A trading update for Crown Perth would be provided to shareholders at the Company's 2020 Annual General Meeting with non-VIP gaming revenue up 16.5% on the prior year and non-gaming revenue down 21% on the prior year.
- At Crown Melbourne, certain food & beverage outlets and Crown Towers was expected to re-open to the public from 1 November 2020 with continued uncertainty surrounding the re-commencement of gaming operations, however, management was continuing to progress discussion with Government in this respect.
- A sensitivity analysis had been undertaken with particular

reference to ongoing delayed opening of Crown Melbourne and the impacts on the Company's financial covenants, noting that no breaches of covenants were forecast under the re-opening scenarios.

The Board discussed the proposed trading update and it was noted that guidance on cash costs had already been provided to the market.

It was noted that that liquidity levels are forecasted to fall below the \$500 million Treasury Policy threshold in January 2021.

It was **RESOLVED** that the Financial Summary be noted.

**Australian Resorts Update:**

***Crown Melbourne***

The Crown Melbourne paper was taken as read.

***Crown Perth***

The Crown Perth paper was taken as read.

***Crown Sydney***

The Crown Sydney paper was taken as read.

Peter Crinis provided an update on a number of matters including employment, training, progress on the MoU commitments, development of the casino management system and hotel booking enquiries.

It was noted that:

- management was in discussions with BMW for a luxury concept store to feature in this retail space from December 2020 in a temporary capacity;
- Gucci was reconsidering the proposed retail space due to the current economic environment; and
- the liquor licences had not yet been granted.

It was also noted that discussions were continuing with Clare Smyth in relation to Core and that the parties had agreed to terminate the previous agreement and enter into a two year licence arrangement for a \$350,000 licence fee per annum and a possible small incentive if certain turnover thresholds were met.

**Other Businesses:**

The Crown Aspinalls, Aspers, Betfair and DGN Reports were taken as read.

Among other matters, it was noted that:

- Crown Aspinalls was reviewing its training, policies, procedures and risk assessments having regard to the new Licence Conditions and Codes of Practices.
- Aspers was seeking to resolve the patron suicide matter with the UK Gambling Commission and was continuing to work through its financing arrangements.
- Betfair was performing well against budget.

**2020 Annual General Meeting:*****Proxy Voting***

The 2020 Proxy Voting paper was taken as read.

It was noted that the final proxy position report had been uploaded to Diligent and that:

- proxy votes had been cast in favour of all resolutions, other than the election of Bryan Young; and
- the Company would receive a ‘first strike’ against the Remuneration Report.

It was noted that investor meetings were being scheduled with Helen Coonan, Ken Barton and the Company’s large shareholders.

Helen Coonan advised that while Perpetual had voted against each resolution, it had indicated an intention to continue working with the Company.

***Draft Chairman’s and CEO’s Addresses and Q&A***

It was noted that the draft Chairman’s and CEO’s addresses and Q&A had been uploaded to Diligent and Helen Coonan requested that directors provide any feedback on the drafts following the meeting.

***AGM Arrangements***

The AGM Arrangements paper was taken as read.

Mary Manos advised the Board that the Chairman and the Chief Executive Officer would be on a live webcast, visible to shareholders and guests with other directors not visible to shareholders but able to respond to questions if required. Directors were reminded that to answer any questions, they would need to take themselves off “mute” however should remain on mute at all other times as the audio will feed into the

shareholder and guest platform.

It was noted that Stephen Mayne had requested that the Company publish a copy of the AGM transcript on its website. It was **RESOLVED** that a copy of the AGM transcript be uploaded to the Company's website when available.

**AML/CTF Update:**

The AML/CTF Update paper was taken as read.

The Board noted the proposal for Nick Stokes to be appointed the AML Compliance Officer by each of the Company's reporting entities.

REDACTED - PRIVILEGE



REDACTED - PRIVILEGE



**Development Report:**

The Development Update was taken as read.

Among other matters, Todd Nisbet highlighted the following:

- to date, approximately \$325 million had been drawn under the Crown Sydney Syndicated Facility Agreement;
- residential sales by value are well above the business plan with \$665.9 million in sales and commitments achieved to date with one additional sale completed since the August Board meeting;

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

The meeting was adjourned for 5 minutes.

**Capital Management Update:**

The Capital Management Update paper was taken as read.

*Crown Sydney Guarantees*

It was noted that, subject to the prior written approval of the New South Wales Independent Liquor and Gaming Authority, the Company is proposing to enter into:

- a Bank Guarantee Facility Agreement between the Company, Crown Sydney Gaming Pty Ltd (**Crown Sydney Gaming**) and Australia and New Zealand Banking Group Limited (ABN 11 005 357 522) (**ANZ**) (**the ANZ Facility Agreement**); and
- a Bank Guarantee Facility Agreement to be entered into between the Company, Crown Sydney Gaming and National Australian Bank Limited (ABN 12 004 044 937) (**NAB**) (**the NAB Facility Agreement**, and together with the ANZ Facility Agreement, the **Facility Agreements**),

pursuant to which each of ANZ and NAB may provide the Independent Liquor and Gaming Authority (**ILGA**) with a bank guarantee.

Crown Sydney Gaming is required to provide bank guarantees to ILGA pursuant to clauses 9.1 and 9.2 of the Financial Arrangements Agreement made between ILGA, Crown Sydney Gaming and the State of New South Wales and dated 8 July 2014.

It is noted that 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 Facility Agreements and the Power of Attorney (each as defined below) (or the transactions contemplated by them), and the powers of interested directors to vote, are duly observed.

The directors note the proposal for the Company to enter into the Facility Agreements (and the transactions contemplated by those documents).

*Bank Guarantee Facility Agreements*

The directors acknowledge having received drafts of:

- (1) the ANZ Facility Agreement; and
- (2) the NAB Facility Agreement.

The directors also acknowledge having received and considered a draft power of attorney of the Company in favour of the persons listed in it (each an **Attorney**), in relation to the Facility Agreements and the transactions contemplated by it authorising:

- the Chief Executive Officer – Crown Resorts Limited, the Chief Financial Officer – Crown Resorts Limited and the General Counsel and Company Secretary – Crown Resorts Limited severally, among other things, to execute the Facility Agreements and any other document or agreement that an Attorney considers necessary or desirable in connection with the Facility Agreements or any of the transactions contemplated by those documents; and
- the Group Financial Controller – Crown Resorts Limited, the Group Treasury and Finance Manager – Crown Resorts Limited and the Group Finance Manager – Crown Resorts Limited severally to sign drawdown notices in connection with the Facility Agreements,

(the **Power of Attorney**).

It was noted that:

- (a) the Company and certain of its related bodies corporate have been in negotiations with ANZ and NAB (together, the Financiers) in relation to the proposed new facilities to be provided to it by each of the Financiers (the Facilities) and documented under the Facility Agreements;
- (b) the Company is required to enter into the Facility Agreements to document the terms of the Facilities;
- (c) all the directors believe it is in the Company's best interests to enter into the Facility Agreements and to perform its obligations under those documents; and
- (d) having regard to all relevant circumstances and the proposed terms of the Facility Agreements, the Company will be able to pay all its debts as and when they become due and payable and accordingly is solvent and there are reasonable grounds to expect that the Company will not become insolvent because the Facility Agreements or any transaction contemplated by those documents are executed or performed.



Having regard to the above:

It was **RESOLVED** that:

- (a) the establishment of the Facilities, the terms of the Facility Agreements and the transactions contemplated by those documents, each be approved;
- (b) the Chief Executive Officer of the Company be authorised to finalise the terms of the Facility Agreements;
- (c) subject to final approval of the Chief Executive Officer of the Company, the Company execute and enter into:
  - (i) the Facility Agreements in the form produced to the directors or in any other form approved by either two directors or a director and secretary of the Company, or by an Attorney; and
  - (ii) 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 Facility Agreements or any transaction contemplated by those documents;
- (d) performance by the Company of its obligations under the Facility Agreements be approved;
- (e) the appointment of each Attorney under the Power of Attorney be approved;
- (f) the Power of Attorney be approved and executed by the Company in any manner contemplated by section 127 of the *Corporations Act 2001* (Cth); and
- (g) each of the following persons be appointed to act as an "Officer" or "Authorised Representative" (howsoever defined in the Facility Agreements) of the Company and be authorised severally to do everything that is required to be, or capable of being, done by the Company (including, but not limited to, certification, execution and delivery of documents) in terms of, and for the purposes of, the Facility Agreements:
  - (i) Chief Executive Officer – Crown Resorts Limited;
  - (ii) Chief Financial Officer – Crown Resorts Limited;
  - (iii) General Counsel and Company Secretary of the Company;
  - (iv) Group Financial Controller – Crown Resorts Limited;
  - (v) Group Treasury and Finance Manager – Crown Resorts Limited;
  - (vi) Group Finance Manager – Crown Resorts Limited; and

(vii) the Company and severally each Attorney, director, secretary or authorised signatory of the Company for and on behalf 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 Facility Agreements, any document referred to in those documents or any other document that is necessary or desirable to give effect to such transactions, including signing, certifying, delivering or amending any document.

*Interest Rate Swaps*

It was noted that the Company may be required, under the Company's Treasury Policy, to enter into up to \$150 million of short-term interest rate swaps upon the expiry of the current \$200 million of interest rate swaps which are due to mature on 14 December 2020.

It was **RESOLVED** that the Company and any of its related bodies corporate be authorised to enter into up to \$150 million of short-term incentive swaps (**Swaps**) to ensure that the Company complies with its Treasury Policy and that:

- (a) the Chief Executive Officer of the Company be authorised to finalise the terms of the Swaps;
- (b) performance by the Company of its obligations under the Swaps be approved; and
- (c) any one director or secretary of the Company be authorised to do all further acts and things as may be necessary for the Company to enter into and give effect to the Swaps or the transactions contemplated by the Swaps or any other document that is necessary or desirable to give effect to such transactions.

**Investor Relations Report:**

The Investor Relations Report was taken as read.

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

**Committees:**

The Committees paper was taken as read.

**Insurance Renewal:**

The Insurance Renewal paper was taken as read.

Mary Manos advised the Board that, having regard to the expected reduction in available cover and the increase in premiums and deductibles, management, with the support of Marsh, has been exploring alternative risk transfer options which had been presented to the Risk Management Committee.

**Other Business:*****Subordinated Notes Quarterly Report***

The paper with respect to this item 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 2020 to 30 September 2020 (the **Quarterly Report**).

It was **RESOLVED** that:

- the Quarterly Report be approved with Ken Barton authorised to approve any changes to the final Quarterly Report;
- any one director or secretary of the Company be authorised to sign the Quarterly Report on behalf of the Company;
- 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).

***Director Training***

The Director Training paper was taken as read and it was noted that the new AML/CTF Risk Awareness Training module would be uploaded to the directors' Crown Learn profiles for completion.

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

The Board noted the future meeting dates.

**"In Camera" Session:**

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

The Board discussed the proposed separation arrangements for Barry Felstead.

Toni Korsanos and Jane Halton noted that the proposed separation arrangement appeared excessive and expressed their concerns with seeking shareholder approval in respect of any

proposed termination benefits.

The Board requested that an alternative proposal be developed in relation to the separation arrangements for Mr Felstead for presentation to the People, Remuneration and Nomination Committee.

**CPH Services Agreement and Controlling Shareholder Protocol – Independent and Executive Directors only:**

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

The Board discussed the matters set out in the paper and the letter received from Consolidated Press Holdings Pty Limited (**CPH**) and **RESOLVED** that the following agreements between the Company and CPH be terminated:

- the Services Agreement dated 1 July 2016 which enabled Crown to request the provision of services by key CPH executives at pre-agreed hourly rates; and
- the Controlling Shareholder Protocol dated 31 October 2018 which enabled the sharing of confidential information by Crown to CPH and James Packer.

It was further **RESOLVED** that the Disclosure Committee be authorised to approve an announcement to the market regarding termination of the agreements with CPH.

**Closure:**

There being no further business, the meeting was declared closed at 5.00pm.

Signed as a correct record

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Chairman