



**CROWN RESORTS LIMITED**

Meeting of the Board of Directors  
M7&8, Level 1, Crown Promenade  
(Conference Centre)

Thursday, 12 December 2019 at 10.00am



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

Meeting of the Board of Directors to be held on Thursday, 12 December 2019  
at 10.00am at M7&8, Level 1, Crown Promenade, 8 Whiteman Street,  
Southbank, Victoria

---

### AGENDA

- 1. Minutes of Meeting**
  - 1.1 [Minutes of Meeting of the Board held on 23 October 2019](#)
  - 1.2 [Minutes of Annual General Meeting held on 24 October 2019](#)
  - 1.3 [Written Resolution dated 29 November 2019](#)
- 2. Declaration of Interests**
- 3. Matters Arising**
- 4. CEO's Report**
- 5. Trading Update**
- 6. VIP Business Update**
- 7. Litigation Update (privileged and confidential)**
  - 7.1 [GST Matter](#)
  - 7.2 [Class Action Update](#)
- 8. China Matter Update**
- 9. Key Development Update**
- 10. Capital Management Update**
- 11. Investor Relations Report**
- 12. Committees**
  - 12.1 [Audit Committee – Draft Minutes of Meeting held on 4 December 2019](#)
  - 12.2 [Brand Committee – Draft Minutes of Meeting held on 1 November 2019, 7 November 2019, 14 November 2019, 21 November 2019, 28 November 2019 and 5 December 2019](#)

- 12.3 [Occupational Health and Safety Committee – Draft Minutes of Meeting held on 4 December 2019](#)
- 12.4 [Risk Management Committee – Draft Minutes of Meeting held on 4 December 2019 and Written Resolution dated 22 November 2019](#)
- 12.5 [Responsible Gaming Committee – Draft Minutes of Meeting held on 4 December 2019](#)

**13. Policies**

- 13.1 [Whistleblower Policy](#)
- 13.2 [Delegations Policy](#)

**14. Other Business**

- 14.1 [Review of Statutory Auditor](#)
- 14.2 [Crown Sydney Committee](#)
- 14.3 [Crown Group Subsidiary Annual Reviews](#)
- 14.4 [Arrangements for Board Strategy Day](#)
- 14.5 [Future Meetings](#)

**15. “In Camera” Session**



**AGENDA ITEM 1:**  
Minutes of Meeting



## 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

**Present:**

John Alexander (Chairman)  
Helen Coonan  
Andrew Demetriou  
Geoff Dixon  
Jane Halton  
John Horvath  
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  
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)

**Apologies:**

Nil

- 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

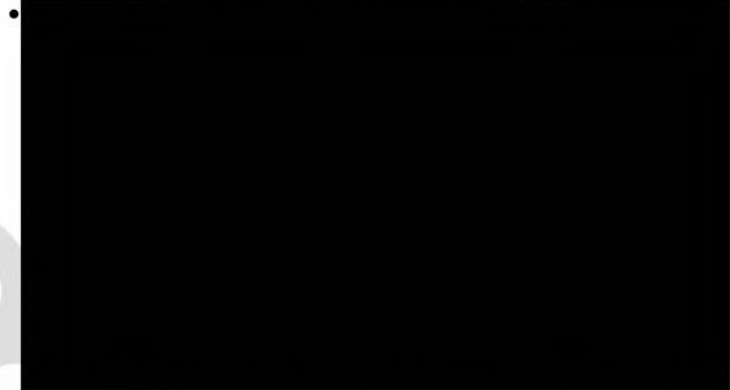
well against budget; and

- 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;

•



- 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;

REDACTED - PRIVILEGE



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 proposed economy-wide cash payment limit;

•

- 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.

**Litigation Update (privileged and confidential) :**

***Tax Matters***

The Tax Matters paper was taken as read.

Ken Barton advised the Board that the Cannery matter had settled for \$151 million with no admission of liability by the Company, noting that the Australian Taxation Office did not publicly comment on the settlement.

Geoff Dixon requested that Rowen Craigie and Rob Turner be thanked on behalf of the Board for their assistance with the Cannery matter.

***Class Action Update***

The Class Action Update paper was taken as read.

REDACTED - PRIVILEGE



REDACTED - PRIVILEGE



REDACTED - PRIVILEGE



DRAFT

REDACTED - PRIVILEGE

**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.

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

Signed as a correct record

.....  
Chairman

DRAFT





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

Minutes of a Meeting of the Members held at  
River Room, Level 1, Crown Towers Melbourne, 8 Whiteman St, Southbank,  
Melbourne on 24 October 2019 at 10.00am

**Present:**

*Directors*

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

*Shareholders and guests as per attached*

**In attendance:**

Mary Manos (Secretary)  
Michael Collins (Auditor)

### BUSINESS

**Opening:**

The Chairman confirmed that a quorum was present and declared the meeting open for business.

**Notice of meeting:**

The Chairman noted that the Notice of Annual General Meeting had been sent to Company shareholders and copies were also available at the meeting. The notice was taken as read.

**Financial Statements for FY2019:**

The Chairman noted that the financial statements and reports of the Company for the financial year ended 30 June 2019 were included in the 2019 Annual Report which was sent to Company shareholders and was available electronically on the Company's website.

The Chairman called for questions relating to the financial statements and reports.

**Resolutions:**

The Chairman stated that he proposed to put each resolution proposed in the Notice of Annual General meeting to a poll.

In respect of each of the following resolutions that were proposed in the Notice of Annual General Meeting, the Chairman informed the meeting of the proxy votes received on the resolution (which are listed in the table titled "**Proxy Votes**" below), asked if there were any questions in respect of the resolutions and put each of the resolutions before the meeting and a poll was taken for the each resolution:

- 2(a) "That Mr John Poynton AO, who retires in accordance with rule 5.1(e) of the Company's Constitution and, being eligible, is elected as a director."
- 2(b) "That the Honourable Helen Coonan, who retires in accordance with rule 5.1(f) of the Company's Constitution and, being eligible, is elected as a director. "
- 2(c) "That Mr Andrew Demetriou, who retires in accordance with rule 5.1(f) of the Company's Constitution and, being eligible, is elected as a director."
- 2(d) "That Mr Harold Mitchell AC, who retires in accordance with rule 5.1(f) of the Company's Constitution and, being eligible, is re-elected as a director."
- 3 "That the Remuneration Report for the year ended 30 June 2019 be adopted."

**Proxy Votes**

Resolution	For	Against	Open	Abstain
Election of John Poynton AO	463,474,915	44,914,014	969,584	847,877
Re-election of Helen Coonan	389,516,352	116,172,284	967,834	3,549,920
Re-election of Andrew Demetriou	473,250,442	35,152,980	979,873	823,095
Re-election of Harold Mitchell AC	370,041,546	138,136,123	966,048	1,062,205
Adoption of Remuneration Report	417,560,049	90,116,685	964,769	1,097,769

In respect of each of the resolutions listed above, the Chairman noted the results of the poll taken for the resolution as recorded in the Returning Officer's Report after the poll was taken for that resolution and declared that the resolution had been approved by shareholders. The Returning Officer's Report for the meeting is annexed to these minutes.

The votes cast on all of the polls relating to the resolutions from shareholders voting in person or by proxy were as follows:

<b>Resolution</b>	<b>For</b>	<b>Against</b>	<b>Abstain</b>
Election of John Poynton AO	464,089,693	45,343,339	853,661
Re-election of Helen Coonan	390,531,963	116,188,610	3,563,624
Re-election of Andrew Demetriou	474,290,493	35,167,728	825,997
Re-election of Harold Mitchell AC	371,054,635	138,162,850	1,065,359
Adoption of Remuneration Report	418,546,611	90,157,158	1,101,440

**Closure:**

There being no further business, the meeting was declared closed at 12.07pm.

Signed as a correct record

.....  
John Alexander  
Chairman



## Crown Resorts Limited

### Circulating Resolution made in accordance with the Company's Constitution

---

We, being all the directors of Crown Resorts Limited (the **Company**) at the date of this circulating resolution, entitled to receive notice of a board meeting and to vote on the resolutions contained in this circulating resolution, by assenting to this document each state that we are in favour of the resolutions set out in this document.

The resolutions are passed by the directors without a board meeting on the date and at the time when the last director assents. Separate copies of this document may be used for signing by any one or more of the directors.

#### **INSURANCE RENEWAL**

The directors acknowledge having received a memorandum entitled *2019 Insurance Renewal* dated 26 November 2019 (the **Memorandum**).

As detailed in the Memorandum, it is noted that the Company is proposing to renew its D&O insurance and general insurance lines for 2019-2020.

#### **RESOLUTIONS**

Having regard to the Memorandum, it is **RESOLVED** that:

- (a) the proposed for 2019-2020 insurance program for the Company and its subsidiaries be approved; and
- (b) management be authorised to progress the insurance renewal process in line with the recommendations set out in the Memorandum.

.....  
John Alexander  
Date:

.....  
Helen Coonan  
Date:

.....  
Andrew Demetriou  
Date:

.....  
Jane Halton  
Date:

.....  
John Horvath  
Date:

.....  
Guy Jalland  
Date:

.....  
Michael Johnston  
Date:

.....  
Toni Korsanos  
Date:

.....  
Harold Mitchell  
Date:

.....  
John Poynton  
Date:



**AGENDA ITEM 2:**  
Declaration of Interests



# Crown Resorts Limited

## Memorandum

---

**To:** The Board of Directors  
**From:** Mary Manos  
**Date:** 6 December 2019  
**Subject:** **Declaration of Interests**

---

Dear Directors

It is proposed that Declaration of Interests be a standing item on the Board agenda to enable directors to inform Crown of changes in their interests / directorships.

Kind regards

Mary Manos  
**General Counsel and Company Secretary**



**AGENDA ITEM 3:**  
Matters Arising





# Crown Resorts Limited

## Memorandum

---

**To:** The Board of Directors  
**From:** Mary Manos  
**Date:** 6 December 2019  
**Subject:** **Matters Arising**

---

Dear Directors

At the 23 October 2019 Board meeting, the Board requested that the cladding matter and the instrument and payroll compliance matter be overseen by the Risk Management Committee.

Detailed updates on these matters were presented to the Risk Management Committee on 4 December 2019 (please refer to the draft minutes of meeting included at Agenda Item 12.4). A verbal update will be provided at the Board meeting.

Kind regards

Mary Manos  
**General Counsel and Company Secretary**



**AGENDA ITEM 4:**  
CEO's Report



# Crown Resorts Limited

Chief Executive Officer's Report  
December 2019

## Contents

<b>SECTION 1 – EXECUTIVE SUMMARY .....</b>	<b>3</b>
<b>SECTION 2 – FINANCIAL UPDATE.....</b>	<b>9</b>
<b>SECTION 3 – AUSTRALIAN RESORTS .....</b>	<b>12</b>
<b>1. Review of Australian Resorts .....</b>	<b>12</b>
1.1. Australian Resorts Overview.....	12
1.2. Australian Resorts Initiatives .....	13
1.3. Crown Melbourne Initiatives.....	14
1.4. Crown Perth Initiatives.....	15
<b>2. Legal and Regulatory Matters .....</b>	<b>17</b>
2.1. Australian Resorts.....	17
2.2. Crown Melbourne .....	20
2.3. Crown Perth .....	21
<b>3. HR Initiatives .....</b>	<b>21</b>
3.1. Australian Resorts.....	21
3.2. Government Relations .....	23
3.3. Crown Melbourne .....	23
3.4. Crown Perth .....	24
<b>SECTION 4 – UK BUSINESSES.....</b>	<b>25</b>
<b>1. Crown Aspinalls .....</b>	<b>25</b>
<b>2. Aspers .....</b>	<b>25</b>
<b>SECTION 5 – BETFAIR .....</b>	<b>28</b>
<b>1. Business Update .....</b>	<b>28</b>

**2. Trading Update..... 28**

**3. Legal and Regulatory ..... 28**

**SECTION 6 – NET DEBT AND CASH FLOW ..... 31**

## SECTION 1 – EXECUTIVE SUMMARY

### Trading Update

YTD results have been mixed. Both local businesses are trading well with Perth, in particular, exceeding expectations.

Program Play in Melbourne is struggling with significant headwinds, particularly coming out of Macau/China. Perth Program Play is in line with expectations. A detailed review of the Australian VIP business is included with the board papers and will be presented at the board meeting. The paper includes options to respond to the current weak market conditions, an analysis of the impacts on the Crown Sydney business case and a recommendation on the path forward.

In Melbourne, Local Business had a good start to the year with Local contribution trading above budget throughout the year to 31 October but poor hold in local tables through November, costing \$2.7m in contribution for the month, has dragged local contribution back to slightly below budget YTD 30 November.

The Perth Local business is performing well with the November YTD result trading above budget by 8.4% and now in line with last year. The year on year comparisons are steadily improving with Local Contribution in the months of October and November above last year by 7.0% and 4.0% respectively. The Machines business in particular is trading well, with revenue up 3.8% on budget and 4.2% on last year YTD. Tables revenue is now tracking slightly below last year but well above budgeted expectations. The non-gaming areas are all trading above budget YTD.

Program Play volumes in Melbourne have been very soft with turnover of \$8.0b through to 30 November vs budget of \$15.0b and last year's \$15.0b. Perth Program Play has been steady with turnover volumes slightly above budget and last year YTD albeit off a very low base.

Aspinalls has done well, particularly in the non-Far East market, and is ahead of budget with EBITDA at \$3.5m YTD November 30 compared to a budget of \$3.1m.

Digital is on track despite Betfair struggling with taxes, increased competition from illegal offshore operators and the cancellation of Hong Kong racing product. DGN is performing ahead of budget.

Corporate costs, while on budget and better than the prior year YTD, will be an issue for the remainder of this year with costs from the NSW Public Inquiry and the sharp increase in the cost of D&O insurance.

Overall the current forecast of \$793 m EBITDA (at 1.35% win rate) for the full year has some potential upside in the Local businesses given the YTD above budget performance. VIP in Melbourne, however, has substantial downside risk. Perth VIP is above budget and well up on the prior year. Aspinalls is also above budget for the year. A potential revised forecast for the Australian VIP business is included in the accompanying VIP review paper. On the basis the current conditions experienced in Melbourne continue, it is possible the Melbourne VIP business may be at breakeven level for F20, a \$65 m shortfall to budget. On this basis, Group theoretical EBITDA (at a 1.35% win rate) would be \$753 m.

Market consensus EBITDA at present is \$770 m. If the revised VIP forecast is incorporated into the Group full year forecast, the result would be 2.3% below consensus.

At actual, EBITDA is \$32m ahead of budget and \$74m ahead of last year at the end of November, with above theoretical results at all three properties.

### **Brand Committee Matters**

The Brand Committee has been meeting on a weekly basis to oversee the media allegations and the matters arising as a result of those allegations, including the ILGA Inquiry and other regulatory investigations.

Minutes of the Brand Committee meetings are included at Agenda Item 12.2.

The Brand Committee will provide the Board with a verbal update on the matters at the meeting.

### **Insurance Renewal**



### **State Security Arrangements**

#### *New South Wales*

Following the amendments to the Victorian financial state security arrangements, Crown was in a position to deliver the security required in favour of the State of New South Wales as required under the State Crown Financial Deed.

The security deeds were executed by Crown, ILGA and the State of New South Wales in late November 2019.

#### *Victoria*

As notified to the Board in October 2019, Crown, the State of Victoria and the VCGLR have entered into amending deeds in relation to Crown's financial state security arrangements. As a result, the Casino Agreement was amended and the Deed of Undertaking and Guarantee and the Supplemental Casino Agreement were terminated / released.

Under the revised security arrangements, Crown Melbourne is entitled to replace the current \$185 million letter of credit issued in favour of the State of Victoria with a \$60 million letter of credit. Crown is in discussions with the Victorian Department of Treasury and Finance and ANZ regarding the process and logistics of having the letter of credit exchanged.

### **Black Economy Taskforce**

On 24 October 2019, the *Currency (Restrictions on the Use of Cash) Bill 2019* passed the House of Representatives. The Bill has now been introduced to the Senate.

The Senate had previously referred the provisions of the Bill to the Economics Legislation Committee for inquiry and report by 7 February 2020. Submissions to the Committee closed on 15 November 2019.

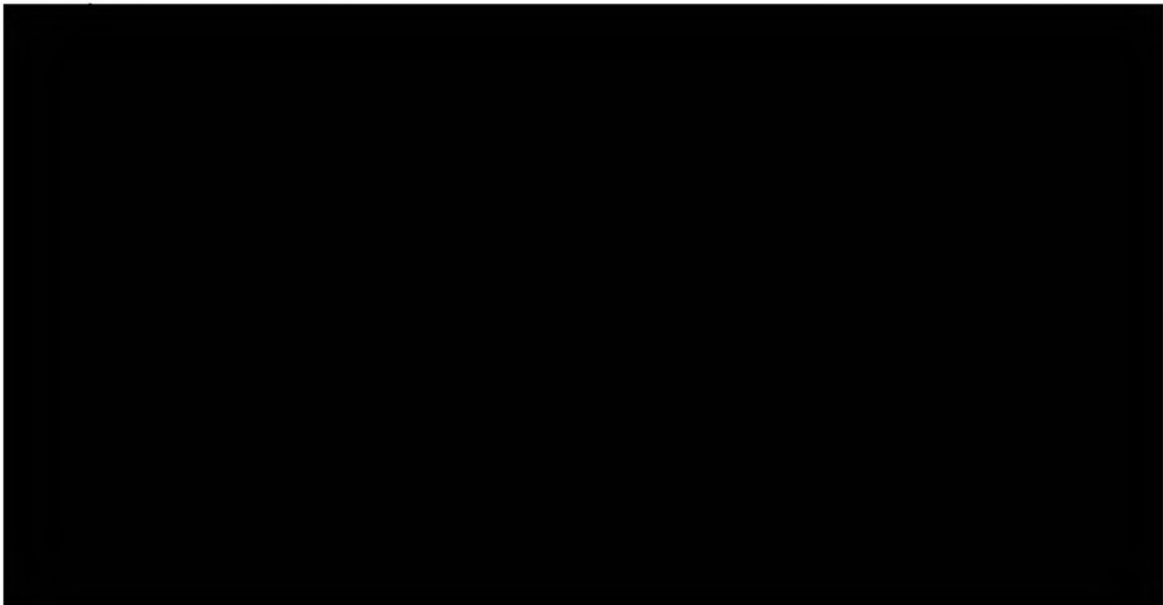
On 25 October 2019, the Federal Government released the draft Rules. The Rules specify the types of transactions that are exempt from the cash payment limit. As expected, an exemption was included for payments that must be reported by an entity under AML/CTF legislation. As a result, as the legislation is currently drafted, casinos will be exempt from the scope of the cash payment limit.

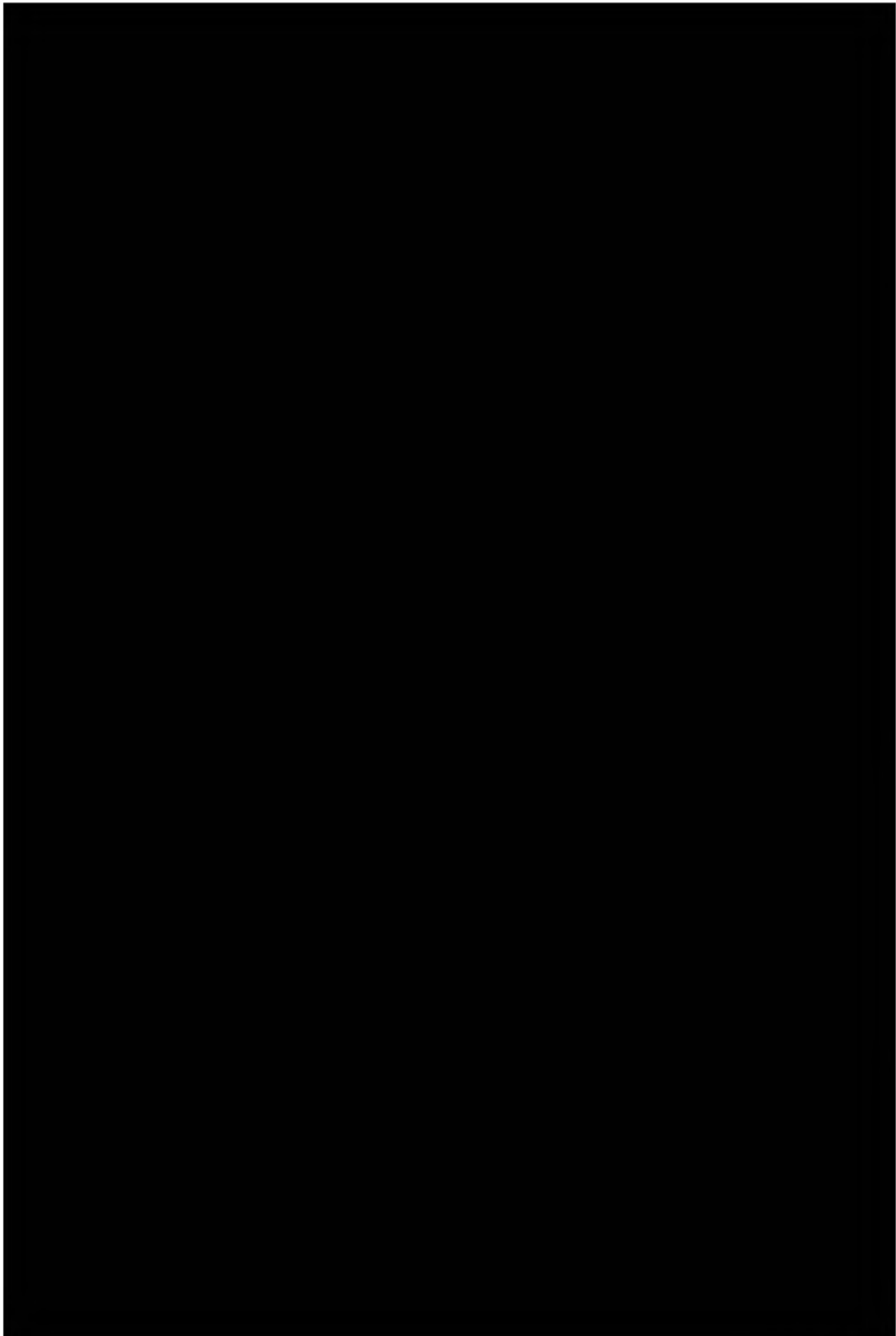
### **Financing Arrangements**

Reviews of the casino industry are being undertaken by relationship banks regarding their ongoing participation in the casino industry with a verbal update on recent discussions with banks to be provided at the meeting.

Entry into the new syndicated facility and extension of our existing Multi-option facility have been slightly delayed having regard to the reviews. Please refer to Agenda Item 11 for a more detailed update on this matter.

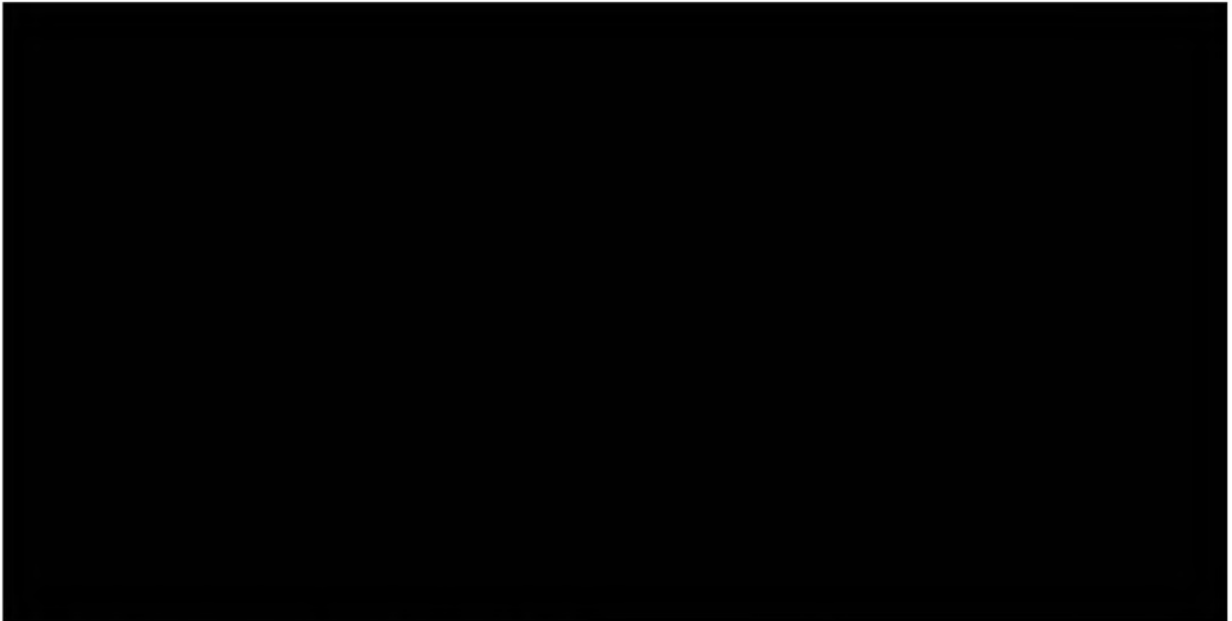
Aspers has been in discussions with a number of banks in relation to the refinancing of its existing facility (current outstanding balance of £48.3m) with the intention of refinancing later this year or in early 2020. Aspers is continuing its discussions with NatWest and Barclays but is not in a rush to conclude a new facility given the potential sale of the Aspers provincial businesses (which would mean that Aspers would only need a much smaller facility) and the fact that the existing facility does not require to be repaid until March 2021. A more detailed update on this proposed refinancing is included at Section 3 of this Report.





4





### **Litigation Update – privileged and confidential**

#### *GST Matter*

Crown filed further evidence and produced documents for the GST matter as agreed with the Commissioner on 8 November 2019. The Commissioner is due to file his evidence in reply on 6 December 2019. The matter will next be before the Court on 21 February 2020. It is expected at that time that orders programming the matter to hearing will be made. Please refer to Agenda Item 7.1 for further details in relation to this matter.

#### *Class Action*

Richard Murphy will be in attendance at the meeting and will provide a verbal update on the status of the Class Action.

### **Industrial Relations**

#### *Crown Melbourne – Refer to Section 3.3*

Terms of settlement were reached on 1 November 2019 in relation to the Crown Melbourne Limited Enterprise Agreement 2016. These terms included wage increases of 3.25% per annum for 3 years, changes to part time hours of work arrangements, increases in the number of full-time employees and improved severance payments.

In relation to the Crown Melbourne Limited (Property Services and Technicians) Enterprise Agreement 2015, a wage offer of 4%, 3%, 3% and 3% over a four year agreement together with commitments on job security have been supported by the unions, however the union member group are still pressing for increased outsourcing and licence allowance payments for electricians and plumbers, while the employee group is also continuing to press for a licence allowance payment. Bargaining is continuing.

#### *Crown Perth – Refer to Section 3.4*

Negotiations with the United Workers Union (formerly United Voice) for a new Enterprise Agreement (the current agreement expired on 30 September 2019) have now been finalised and an in-principle agreement was reached on 12 November 2019 which needs to be put to a vote of eligible employees. The agreement is over three years with rate increases of 2.25%, 2.25% and 3.0%.

#### **Dinner by Heston Matter**

As presented to the Board at its August meeting, Topsy Cake Limited, the operator of the tenanted restaurant at Crown Melbourne, Dinner by Heston Blumenthal (DBH), has indicated that it is facing financial difficulties, and is seeking Crown's financial assistance to continue operating.

In September 2019, Crown put forward a proposal to DBH in order for Crown to refrain from terminating the arrangements. DBH has now responded and not in any material way agreed to any of the conditions. Crown is currently considering its position, with the assistance of external legal advisors.

#### **IT Projects**

An IT project is under way to streamline and unify all VIP patron data across Melbourne and Perth. The CPP Unification project was planned to go live in late November. During the testing phase, test data for the new unified customer records was inadvertently processed in the live environment on 13 November. As a result of this inadvertent processing, business operations, Marketing and the Project assessed that the best solution to the partial reunification in the live environment was to continue with the full unification of the databases, suspend some internal reporting and conduct parallel testing. This was completed by the afternoon of 15 November and normal reporting resumed at that point. A root cause analysis was carried and preventative mitigation strategies have now been implemented for such projects.

## SECTION 2 – FINANCIAL UPDATE

30 November 2019 YTD

	Normalised Result					Crown Group \$'000	Adjustment \$'000	Actual Crown Group \$'000
	Crown Melbourne \$'000	Crown Perth \$'000	Crown Aspinalls \$'000	Wagering & Online \$'000	Unallocated \$'000			
<b>Operating revenue</b>								
Main floor tables	322,778	81,069	-	-	-	403,847	-	403,847
Main floor machines	199,424	119,199	-	-	-	318,623	-	318,623
VIP program play	113,311	33,412	26,977	-	-	173,700	64,516	238,216
Wagering & Non gaming	203,194	126,128	544	46,986	-	376,851	-	376,851
<b>Operating revenue (excl comps)</b>	<b>838,707</b>	<b>359,808</b>	<b>27,520</b>	<b>46,986</b>	<b>-</b>	<b>1,273,021</b>	<b>64,516</b>	<b>1,337,537</b>
<b>Segment result</b>								
Operating expenses	(614,949)	(257,712)	(24,014)	(35,130)	(21,308)	(953,112)	(11,097)	(964,209)
<b>Earnings before interest, tax, depreciation and amortisation "EBITDA"</b>	<b>223,758</b>	<b>102,096</b>	<b>3,507</b>	<b>11,856</b>	<b>(21,308)</b>	<b>319,909</b>	<b>53,419</b>	<b>373,328</b>
Depreciation and amortisation	(73,883)	(35,175)	(1,122)	(3,358)	(1,408)	(114,947)	-	(114,947)
<b>Earnings before interest and tax "EBIT"</b>	<b>149,875</b>	<b>66,921</b>	<b>2,384</b>	<b>8,498</b>	<b>(22,716)</b>	<b>204,962</b>	<b>53,419</b>	<b>258,381</b>
Equity accounted share of associates' net profit/(loss)						4,450	-	4,450
Net interest income/(expense)						696	-	696
Income tax benefit/(expense)						(61,439)	(15,999)	(77,439)
<b>Profit/(loss) after tax</b>						<b>148,669</b>	<b>37,420</b>	<b>186,088</b>
Non-Controlling Interest						(386)	-	(386)
<b>Profit/(loss) attributable to equity holders of the Parent</b>						<b>148,282</b>	<b>37,420</b>	<b>185,702</b>

The above table reflects Crown's year to date financial results by key operating segments. Normalised EBITDA is \$319.9m, with Actual EBITDA of \$373.3m. Crown's year to date normalised NPAT is \$148.3m, with Actual NPAT of \$185.7m.

	Financial Year to Date						
	Estimate	Budget	Variance		Last Year	Variance	
	Nov-19	Nov-19	F/(U)	F/(U)	Nov-18	F/(U)	F/(U)
	\$m	\$m	\$m	%	\$m	\$m	%
<b>EBITDA @ Theoretical</b>							
Melbourne - Local	225.7	227.4	(1.8)	(0.8%)	232.0	(6.3)	(2.7%)
Melbourne - VIP Program	(1.9)	27.1	(29.0)	(107.0%)	34.2	(36.1)	(105.5%)
Crown Melbourne	223.8	254.5	(30.7)	(12.1%)	266.1	(42.4)	(15.9%)
Perth - Local	99.0	91.3	7.7	8.4%	99.0	(0.0)	(0.0%)
Perth - VIP Program	3.1	2.4	0.7	27.1%	(1.4)	4.5	317.6%
Crown Perth	102.1	93.7	8.4	8.9%	97.6	4.5	4.6%
Crown Aspinalls	3.5	3.1	0.4	11.5%	6.2	(2.7)	(43.8%)
Wagering & Online	11.9	11.7	0.2	1.6%	6.5	5.3	82.1%
Corporate	(21.3)	(21.7)	0.3	1.6%	(24.2)	2.9	11.8%
<b>TOTAL EBITDA @ Theoretical</b>	<b>319.9</b>	<b>341.4</b>	<b>(21.5)</b>	<b>(6.3%)</b>	<b>352.3</b>	<b>(32.4)</b>	<b>(9.2%)</b>
Depreciation	(114.9)	(114.9)	(0.1)	(0.1%)	(117.1)	2.2	1.9%
Interest	0.7	0.9	(0.2)	(20.7%)	(7.7)	8.4	109.1%
Taxation	(61.4)	(68.0)	6.6	9.7%	(67.7)	6.3	9.3%
Equity Accounted Result	4.4	5.6	(1.2)	(21.0%)	5.5	(1.0)	(19.0%)
Minority Interest	(0.4)	(0.3)	(0.1)	(32.3%)	0.5	(0.9)	(182.0%)
<b>Crown NPAT @ Theoretical</b>	<b>148.3</b>	<b>164.7</b>	<b>(16.4)</b>	<b>(10.0%)</b>	<b>165.7</b>	<b>(17.4)</b>	<b>(10.5%)</b>
<b>EBITDA @ Actual</b>							
Crown Melbourne	273.1	254.5	18.6	7.3%	205.1	68.0	33.2%
Crown Perth	105.9	93.7	12.1	13.0%	113.9	(8.0)	(7.0%)
Crown Aspinalls	3.8	3.1	0.6	19.9%	(2.0)	5.7	292.5%
Wagering & Online	11.9	11.7	0.2	1.6%	6.5	5.3	82.1%
Corporate	(21.3)	(21.7)	0.3	1.6%	(24.2)	2.9	11.8%
<b>TOTAL EBITDA @ Actual</b>	<b>373.3</b>	<b>341.4</b>	<b>31.9</b>	<b>9.3%</b>	<b>299.4</b>	<b>73.9</b>	<b>24.7%</b>
<b>Crown NPAT @ Actual</b>	<b>185.7</b>	<b>164.7</b>	<b>21.0</b>	<b>12.7%</b>	<b>127.9</b>	<b>57.9</b>	<b>45.2%</b>

Normalised YTD NPAT of \$148.3m is \$16.4m (10%) below budget and \$17.4m (11%) below last year. YTD reported NPAT of \$185.7m is \$21.0m (13%) above budget and \$57.9m (45%) above last year.

Group YTD theoretical EBITDA of \$319.9m is \$21.5m (6%) below budget and \$32.4m (9%) below last year.

- Crown Melbourne's** theoretical YTD result is due to below budget VIP Program Play contribution (\$29.0m or 107%) and a below budget local contribution (\$1.8m or 1%). Program play turnover of \$8.0b is 47% below budget. The below budget local result is attributable to Table Games (\$3.3m or 2% below budget) and Hotels (\$0.6m or 1% below budget), partially offset by Gaming Machines (\$1.2m or 1% above budget) and Food & Beverage (\$0.3m or 1% above budget). Crown Melbourne's theoretical YTD result is \$42.4m (16%) below last year (Local -\$6.3m or -3%, VIP -\$36.1m or -106%).
- Crown Perth's** theoretical YTD result is due to an above budget local contribution (\$7.7m or 8%), and an above budget VIP Program Play contribution (\$0.7m or 27%). VIP turnover of \$2.4b is 15% above budget. The above budget local result is attributable to Table Games (\$1.8m or 6% above budget), Gaming Machines (\$2.0m or 3% above budget), Food & Beverage (\$1.3m or 14% above budget), Conventions & Entertainment (\$0.6m or 12% above budget) and Hotels (\$1.6m or 9% above budget). Crown Perth's theoretical YTD result is \$4.5m (5%) above last year (Local is in line with last year, VIP +\$4.5m or +318%).

- **Crown Aspinalls'** YTD turnover of £1.3b is 13% below budget with an above budget theoretical win rate due to a favourable mix of play (higher than expected roulette play). The YTD favourable variance from theoretical is £0.3m at a win rate of 1.31%.
- **Wagering & Online's** above budget result is due to above budget results in DGN (\$0.7m), partially offset by below budget results in Betfair (\$0.3m).
- **Corporate costs** of \$21.3m are \$0.3m (2%) favourable to budget. YTD **net interest** of \$0.7m is \$0.2m unfavourable to budget.

YTD reported NPAT of \$185.7m is \$21.0m (13%) above budget and includes a net favourable normalisation adjustment of \$37.4m (net of income tax). The combined favourable variance from theoretical for the Australian casinos is \$37.2m (net of income tax), with YTD win rates on VIP Program Play of 2.32% at Crown Melbourne and 0.90% at Crown Perth. Crown Aspinalls' favourable variance from theoretical is \$0.2m (net of income tax) at a win rate of 1.31%.

## SECTION 3 – AUSTRALIAN RESORTS

### 1. Review of Australian Resorts

#### 1.1. Australian Resorts Overview

YTD F20 has been encouraging in both local businesses.

Melbourne Local Business YTD 30 November 2019 was slightly below budget by \$1.8m or 0.8%, largely due to poor hold in local tables costing \$4.0m in contribution YTD, and below last year by \$6.3m or 2.7%. The variance to last year was expected due to the prior period featuring strong hold in local gaming combined with a couple of key changes in Food & Beverage with the closure of Club 23 and transfer of TWR to R Bar (Rockpool Group) in the current year.

Machines in particular has performed strongly YTD, with revenue up 1.8% on budget and 3.7% on last year. By comparison, the Victorian network (ex-Crown) was down 0.4% over the corresponding period. Crown's rolling 12-month market share has grown from around 14.3% in August last year to 15.1% now.

Table Games contribution was in line with budget through YTD October but, as mentioned above, poor hold throughout November has resulted in contribution falling below budget YTD 30 November.

Food & Beverage YTD November was trading slightly above budget with Hotels slightly down on budget for the period. Ongoing softness in the VIP Gaming market has impacted Crown Towers' villas and premium rooms occupancy and rate and, to a lesser extent, premium restaurants trade.

Perth Local Business YTD 30 November 2019 was above budget by \$7.7m or 8.4% and in line with last year.

Table Games contribution was above budget YTD November by \$1.8m or 6.0% but below last year by \$3.7m or 10.7%. Results against budget were driven by strong hold, continued optimisation of table hours and uplift in visitation. The Pearl Room refurbishment has commenced and will continue until late December. Pearl Room patron hours have increased 41% on the prior year due to the success of the Golden Tuesdays and other in-room promotions.

Gaming Machines has performed strongly with November YTD contribution above budget by \$2.0m or 2.5% and above last year by \$2.0m or 2.6%. The rated Gaming Machines membership base has maintained a stable level of visitation with the local premium market showing some recovery. The very recent launch of the refurbished Pearl Room Suite and no-smoking area was well received by members of the Pearl Room.

The remainder of F20 will see an increase in the number of new games launched. Early performance of recent games launched, Mighty Coins and Cats, Hats and More Bats has been positive. Multi-denominational games including Bright Lights and Monopoly allow both a lower entry point for customers and increased flexibility in moving between price points. Other key games coming over the next few months will further enhance the

product offering, with All Aboard in December and Lightning Link in March being the expected highlights.

Food & Beverage November YTD was above budget by \$1.3m or 14.1% but below last year by \$0.5m or 4.4% and Conventions & Entertainment was above budget by \$0.6m or 12.2% and above last year by \$0.2m or 4.1%. Both areas have benefited from strong patronage to the Theatre show Book of Mormon and the pop-up Shakespeare Globe Theatre.

Hotels' YTD November contribution was \$1.6m or 9.4% above budget and \$1.3m or 7.7% above last year. The above budget result was driven by both occupancy and rate. Occupancy was above budget by 2.7% and above last year by 4.2%. The average room rate of \$256 was above budget by \$2.85 (1.1%) and above last year by \$4.31 (1.7%). Hotels have seen improved visitation and volumes driven primarily by increased group room nights which were 24% ahead of the prior year. The key events held at Optus Stadium being Manchester United and the Bledisloe Cup assisted with bolstering mid-week volumes early in the year and the leisure market continued to show strength through the school holiday period. Average room rates have seen improved results across all segments, with leisure and wholesale segments the main areas of growth.

Program Play volumes have been steady with turnover of \$2.4b through to 30 November vs budget of \$2.1b and last year's \$2.2b.

## 1.2. Australian Resorts Initiatives

An update is set out below on a number of the Australian Resorts initiatives which have been considered by the Board (some requiring Regulatory approval and / or capital funding) and identified to underpin growth in the local businesses in the coming years:

- **Crown Rewards** initiatives continue to focus on re-engaging inactive members, maintaining engagement with active members through a solid promotional calendar and building the new Lifecycle Management Capability (see below). The reactivation program continues to deliver, averaging circa \$1m of incremental revenue per month with interstate and regional activities driving the bulk of the uplift. These and other initiatives have helped grow active members by 6% on the prior period in Melbourne during October and early November and 7% up in Perth.
- **Lifecycle Management (LCM) project** (\$4.1m across Melbourne and Perth) is in train to enable personalised, automated, trigger-based offers to active Crown Rewards members to drive compelling reasons to visit based on their likely preferences.

Project delivery broadly splits into building the automated journeys to trigger communications and offers and building the underlying technical capabilities to enable delivery. Key workstreams include building the data infrastructure, enabling fulfilment of hotel offers and integrating direct mail channels. Progress to date is as follows:

- Design of low effort automated journeys are the initial focus to allow new activities to go to market while the capabilities are built to enable more complex and higher value journeys. Interstate on-boarding, targeting circa 14k new interstate members each year with personalised offers to incentivize them to return has gone live. Over the next month Perth provisional member on-

boarding (designed to convert provisional customers to full Crown Rewards members) and Melbourne member reactivation journeys are planned to go live.

- Integration of Hotel data is in progress and design of an interim solution for fulfilment of automated hotel offers is complete. These capabilities are especially important to allow automation of Interstate and Regional member campaigns. The first hotel offers to members through automated journeys is planned to launch in early February 2020.
- The Crown Rewards App Inbox went live in early November which allows personalised offer messages to be pushed to Rewards customers who are using the app. Test campaigns are rolling out over late November and early December before building campaign activity through this channel early next calendar year.

### 1.3. Crown Melbourne Initiatives

An update is set out below on a number of the Crown Melbourne initiatives which have been considered by the Board (some requiring Regulatory approval and / or capital funding) and identified to underpin growth in the local businesses in the coming years:

- Conversion of Club 23 into premium gaming (\$6.7m), underway with expected completion prior to New Year's Eve this year;
- Conversion of Salon Pit 35 (opposite Mahogany Bar) into a new Premium eTG lounge;
- Acceleration of the machine refresh program providing additional, new and market leading product (\$7.0m), in progress;
- Conversion of JJ's into Mahogany Lounge (Premium non-smoking Gaming Machines) (\$8.0m), expected to be operational by Christmas;
- Conversion of Pit 30 into an expanded Black Tier Slots area (\$3.4m), expected completion Q4;
- Further expansion of Teak Room non-smoking offering (\$1.7m), completed and opened on 8 August 2019;
- Addition of a dedicated gaming area in the west end for Dragon Link/Cash product (Dragon Den) was completed and opened during July 2019. Due to the success of this initiative another Dragon Den was developed and opened during November in the space adjacent to the Jackpot Bar;
- Placeholder for Lessor's contribution towards an alternative offering in the existing Dinner by Heston tenancy, subject to outcome of current negotiations with DBH;
- Expansion of NSW interstate sales team (tables and slots), recruitment completed;
- Reduction in minimum domestic front money to attract more interstate customers (reduced from \$25k to \$10k), completed;
- Expansion of sales team focus into regional Victoria, recruitment completed;
- Ability to market to international machines customers outside of Hong Kong (progressively from H1 F20). Malaysia based South East Asia sales team member commencing late-November.

The focus in Melbourne remains on driving the local market, with a particular emphasis on local gaming combined with some key initiatives in the Food & Beverage space to drive an uplift in volume, particularly Bars. In addition to promotional offers and events, initiatives specific to local gaming, include:

- The introduction of 12 additional electronic Table Games (eTGs) to Mahogany Salon Pit 35. These eTGs offer an improved customer experience by offering a more spacious



and private gaming area through installation of privacy screens between terminals. Overall eTG revenue was up 6% on the prior period and are up 10% YTD, assisted by an increase of 3% in patron hours;

- The reintroduction of the \$500 chip to the Premium Mahogany, Teak and Maple rooms. This denomination has returned to Crown Melbourne's gaming floor after an absence of over 10 years and was relaunched to coincide with the 25th Birthday celebration. 15,000 chips have entered circulation;
- Crown's installation of the popular Aristocrat Lightning Link and Dragon Link / Cash product has increased further to over 850 units and remains the largest single site installation in the world.
- Other new machine product recently launched and expanded includes Scarab (IGT), Repeat Fever (Konami), and Welcome to Fantastic Jackpots (Aristocrat). Each of these have launched successfully and continue to perform well;
- The F20 H1 Product Refresh Plan is well underway with 580 of the targeted 750 new machines to be installed by 31 December;
- The initiative to allow the electronic reserving of gaming machines is now available on all gaming machine product in the premium gaming rooms and Riverside. The functionality allows reserving of machines for specific time periods configurable by Crown Rewards tier, gaming floor area and / or timeframe. Initial usage by customers has been low but feedback on the availability of the function has been positive.

The following initiatives are currently under development:

- A new eTG Quartz terminal from leading global eTG manufacturer SG is expected to enter the gaming floor in Q3 F20. The terminal offers customers an improved user interface for play on multigame semi-automated table games;
- Virtual Card Project development continues with the objective being to have a virtual card within the Crown Rewards App and the Apple / Android wallets that will allow customers to use their phone to tap instead of the magnetic stripe card.

#### 1.4. Crown Perth Initiatives

An update is set out below on a number of the Crown Perth initiatives which have been considered by the Board (some requiring Regulatory approval and / or capital funding) and identified to underpin growth in the local businesses in the coming years:

- Reduction in gaming machine spin rates from five seconds to three seconds: approved by the Regulator and currently working through first game approvals during November;
- Tap n Go capability at the table and / or Ticket Redemption Terminal (TRT): approved by the Regulator but awaiting approval to proceed with a trial;
- Enabling cash withdrawals from the Cage and F&B outlets: Approved by the Regulator and already activated and averaging over \$300k per week (expectation was circa \$150k);
- Increasing the Pearl Room guest policy to three, from the previous limitation of one, for Platinum and Black tier members: Approved by the Regulator and in operation;
- Allowing gaming in non-gaming areas, such as Convention space: still subject to Regulator approval;
- Electronic table games expansion and enhancement via the introduction of 50c minimum bets and the imminent roll-out of 'Business Class' gaming experience: currently a work in progress.

In addition to the work described above, the focus also remains on an ongoing review of the cost base across the business whilst continuing to identify initiatives, events and promotions to drive volume, particularly in Local Gaming.

A two-pronged focus also remains, primarily in continuing to identify initiatives, events and promotions to drive volume, particularly in local gaming and secondly in the area of an ongoing review of the cost base across the business. Key initiatives and issues are as follows:

- Continued optimisation of table open hours which has so far yielded reductions of over 10,000 open hours YTD (4.6% reduction since the same time last year);
- High margin eTGs continue to increase traction aided by lowering the price point to 50 cents, yielding an increase in games played by over 30%, albeit with a decline in average bet of circa 15%. The outcome has been a broader customer base, whilst retaining strength of high value customers who are attracted by the privacy and efficiency of the game;
- Re-positioning of Pearl Room is now largely complete, having undertaken a loyalty threshold reset and an enhancement of the offer and service model within a more segmented product layout solution;
- Aristocrat's Lightning Link has been further delayed and is now expected to be delivered to the Perth market in late Q3 F20, with an increased denomination mix and broadened title options. Exploration of Dragon Link opportunities have commenced as a result of the new regulatory regime pertaining to game design;
- Positively, Konami's equivalent product, All Aboard, is scheduled for roll-out into Perth during December, pending in-principle game approval. It is currently planned for this to be the first game rolled out with a three second spin rate;
- Email collection continues to grow, following a recent focus of the Rewards Team. Over 90% of new sign-ups are providing email addresses as preferred contact, enabling more frequent, timely and relevant offers to reach market;
- The Perth hotels market remains challenging with a number of new hotels continuing to open adding pressure to occupancy and rate performance in particular. The latest suite of openings include:
  - Ibis Styles 252 rooms, 4 Star, opened September 2019;
  - Art Series 250 rooms, 4.5 Star, opened October 2019;
  - Ritz Carlton 205 rooms, 5 Star, opened 15 November 2019;
  - NV Development 488 rooms, 4/4.5 Star, scheduled to opened Q3 F20 with operator likely to be Novotel (Accor);
  - Doubletree by Hilton Perth Waterfront hotel 160 rooms, 4/4.5 Star, scheduled to opened Q3 F20
  - Park Regis (Subiaco) 168 rooms, 4.5 star, due to be open Q3 F20.

## 2. Legal and Regulatory Matters

### 2.1. Australian Resorts

#### *Group General Manager Anti-Money Laundering*

Nick Stokes commenced in November in the role of Group General Manager Anti-Money Laundering, replacing Louise Lane.

Nick will bring a wealth of experience to the team having previously worked at AUSTRAC, and in senior regional financial crime related roles at both Standard Chartered Bank and Credit Suisse.

Nick will oversee the Anti-Money Laundering/Counter Terrorism Financing Programs in both Perth and Melbourne, and the development of the AML/CTF Program for Crown Sydney in due course.

Nick will continue to drive Crown's strong commitment to compliance with AML/CTF legislation and will take the lead in rolling out our new Joint AML/CTF Program together with the enhanced AML framework initiatives.

#### *Joint AML/CTF Program*

The Joint AML/CTF Program has now been approved by the respective Crown Boards. The Implementation process is now underway.

#### *Proposal to Restrict Cash Transactions*

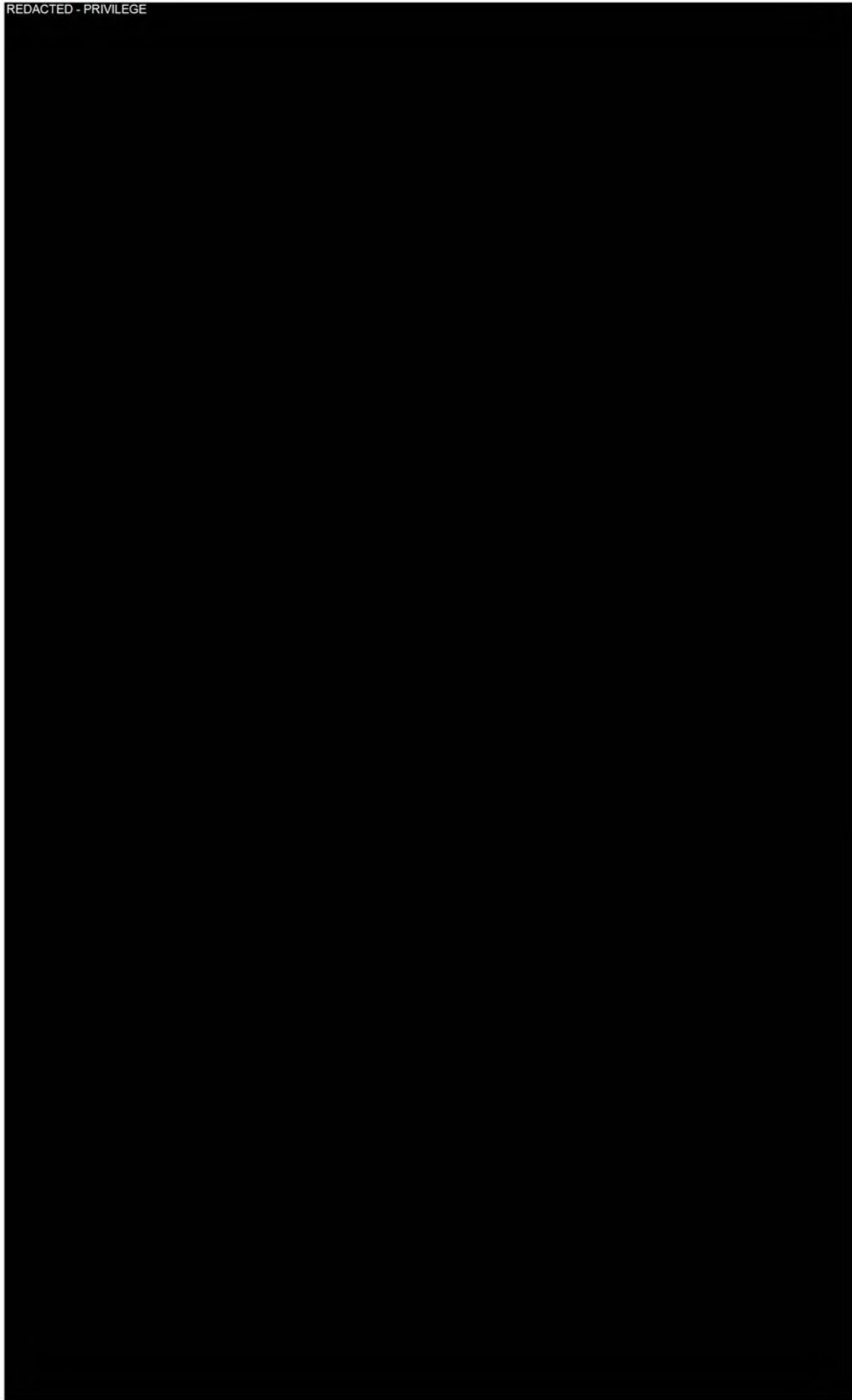
The *Currency (Restrictions on the Use of Cash) Bill* passed the House of Representatives in October and is now subject to an inquiry by the Senate Economics Legislation Committee.

On 25 October 2019, the Federal Government released the draft Rules. The Rules specify the types of transactions that are exempt from the cash payment limit. As expected, an exemption was included for payments that must be reported by an entity under AML/CTF legislation. As a result, it is currently proposed that casinos are exempt from the scope of the cash payment limit.

REDACTED - PRIVILEGE



REDACTED - PRIVILEGE



4

REDACTED - PRIVILEGE



original installation in 1997 to the more recent riverfront and east end upgrades. It is anticipated that over 50 sample points will need to be included so the process could take up to 10 weeks to complete.

#### *Crown Towers Melbourne*

Previous inspections of Crown Towers have identified cladding to be solid aluminium and whilst Crown is confident that Towers does not present an issue, we will complete similar core sampling of Crown Towers whilst completing the main podium works.

Once a full picture of the cladding issue throughout Crown Melbourne is known, a work plan including timing and capital funding required will be presented to the Board.

#### *Crown Perth*

With respect to Crown Perth, an audit was conducted by the Western Australian Department of Mining, Industry Regulation and Safety finding that Crown Perth was deemed to be “low risk” with no further action required.

## **2.2. Crown Melbourne**

#### *China Matter*

The VCGLR wrote to Crown Melbourne on 23 September 2019, providing notice of their intention to continue their investigation into the China Matter as a result of information reported in the media on or around 27 July 2019. The VCGLR noted their intention to obtain information from former Crown staff who were involved in the media reports and the detentions in China. Crown and Minter Ellison continue to liaise with the VCGLR on this request, specifically related to Crown’s request to participate in any discussions the VCGLR may have with our current and former staff.

#### *AUSTRAC Compliance Assessment*

AUSTRAC has commenced a Compliance Assessment on Crown Melbourne’s AML/CTF Program with a specific focus on Politically Exposed Persons and High Risk Customers that were active at Crown Melbourne during FY16 and FY19.

#### *Section 25 Review Recommendations*

To date Crown has filed its responses by the due dates for each of the following Recommendations: 1, 2, 3, 4, 5, 10, 11, 12, 13, 14, 15, 16, 17, 18 and 19. Recommendations 6, 8 and 9 are due in the New Year (and other future dates). We also note that Recommendation 7, which has no due date will be responded to in the New Year. Recommendation 20 concerns a meeting between the Commission and the Crown Resorts Board. Crown is currently in discussions with the VCGLR to identify a suitable date for the meeting to take place.

### 2.3. Crown Perth

#### *Cashless – Use of EFTPOS*

On 28 May 2019, the Commission resolved to approve the use of EFTPOS (debit only) for patrons to:

- purchase chips from designated areas within the casino or at a gaming table; and
- purchase tickets at ticket redemption terminals (or similar type facilities) for use on an electronic gaming machine.

Crown Perth is currently seeking external advices to support its proposed implementation plan. The proposed plan will, as previously reported, be provided to the Crown Resorts Limited Risk Management Committee for its consideration prior to progressing.

#### *Western Australian Appendix to the Australian/New Zealand Gaming Machine National Standards 2016*

On 23 September 2019, the Gaming and Wagering Commission of Western Australia (Commission) formally published amendments to the WA Appendix to the Gaming Machine National Standard and the Commission's Policy relating to Electronic Gaming Machines. These changes relevantly allow for:

- a reduction in gaming machine speed from 5 seconds to 3 seconds (subject to features being incorporated within the game); and
- multi-line and multi-directional combinations.

Through October and November, the Commission approved in principle All Aboard – Dynamite Dollars; Rapid Reveal Inca Moon & Rapid Reveal – VIP; Lightning Link & Lightning Cash – Various Game Variations; and Prize Disk – Grand Gorilla).

Machines manufacturers have been advised of these changes, with the first new game expected to be launched in or around December 2019.

## 3. HR Initiatives

### 3.1. Australian Resorts

#### *Indigenous Employment Programme (IEP)*

The IEP at 5 December 2019 has 197 Indigenous Australians employed across Crown Melbourne (111) and Crown Perth (86) bringing the total number of Indigenous Australians hired through the program to 887.

Crown Perth hosted the 10 Year Anniversary Gala Dinner on Friday 1 November, with over 300 people in attendance including fellow Indigenous business and community members.

The Crown Gender Action Plan has been finalised and will be published on Crown Resorts website and launched across both properties in the coming weeks.

#### *Crown College International (CCI)*

To date, CCI has received 500 applications and 277 enrolments. 61 applications have been received for the next intake in January 2020 with 45 students enrolments already confirmed for January 2020, a 20% increase on same time last year.

#### *Crown College Institute of Higher Education (CCIHE)*

Work is continuing on developing the bachelor's degree course.

#### *Industry Awards*

Crown College Perth has received the Hall of Fame award at the recent WA Tourism Awards. The Food & Beverage and Hotel training team also receiving the Best Training Initiative at the WA Hotels Association Awards for Excellence.

#### *Crown Pride*

The Crown Pride team hosted the PRIDE Fest luncheon in the Crown Ballroom with over 300 people attending the event, which included some of Perth's leading businesses. The keynote speakers included Ian Roberts – Former NRL Footballer and Tea Uglow – Creative Director, Google Creative Lab.

#### *CROWNability*

There are currently a total of 293 employees and contractors in the CROWNability program across both properties, with 130 direct employees and 3 contractors at Crown Melbourne and 155 direct employees and 5 contractors at Crown Perth. This represents a retention rate of 65% as at 26 November 2019.

#### Accessible Procurement Taskforce:

Following an approach from the Australian Network on Disability, Ben Briggs (Group GM Procurement & Supply) is involved in a Procurement Taskforce which consists of business and government representatives. The key purpose is creating a set of standards to assist industries in procuring accessible goods and services. Whilst there are global standards, these need to be translated into easy to read, easy to digest and ideally easy to implement opportunities.

#### Hospitality Disability Network Launch at Crown Perth:

Crown Perth's hospitality disability employment initiative, the Hospitality Disability Network WA (HDNWA) officially launches on 3 December on the International Day of People with Disability. The Honourable Stephen Dawson MLC will officially launch the HDNWA.



International Day of People with Disability CROWNability:

Events across Crown Melbourne & Perth will be conducted to celebrate this year's International Day of People with Disability. Kurt Fearnley, Crown Resorts CROWNability Ambassador is our special guest there to raise awareness about working and living with people with disability. This year's theme is "The Future is Accessible".

### 3.2. Government Relations

A number of meetings and tours have taken place over the last month with various Parliamentarians and their officers together with Regulator and Stakeholder representatives as follows:

- NSW Treasurer received a tour of the Crown Sydney construction site;
- Crown's General Manager- Tourism Chris Reilly attended the Responsible Gambling Ministerial Advisory Council; and
- The first Victorian Member of Parliament elected to the Victorian Responsible Gambling Foundation, James Newbury, was shown around Crown Melbourne.

### 3.3. Crown Melbourne

#### *Industrial Relations*

The merger between United Voice and the National Union of Workers to form the United Workers Union was approved by the Fair Work Commission effective from 11 November 2019.

The Crown Melbourne Limited Enterprise Agreement 2016, covering more than 5,000 employees nominally expired on 1 July 2019. Bargaining between Crown and United Voice for a replacement agreement has been underway since 18 April 2019. Terms of settlement were reached on 1 November 2019. These terms included wage increases of 3.25% per annum for 3 years, changes to part time hours of work arrangements, increases in the number of full-time employees and improved severance payments. The parties are now in the process of drafting the proposed new agreement for referral to a ballot of employees. It is anticipated that the ballot will take place in the second half of December 2019. A protected action ballot of United Voice members authorised the taking of certain protected industrial action. Notifications of the intention to take action on 1 and 2 November 2019 were subsequently withdrawn by the union.

The Crown Melbourne Limited (Property Services and Technicians) Enterprise Agreement 2015 which currently covers 95 employees nominally expired on 30 June 2019. Negotiations for a replacement agreement involving Crown and the three unions covered by the current agreement (the CEPU / ETU; CEPU/ Plumbers; and the CFMMEU) and also with a group of employees represented by another employee have been taking place since May 2019. A wage offer of 4%, 3%, 3% and 3% over a four year agreement together with commitments on job security have been supported by the unions, however the union member group are still pressing for increased outsourcing and licence allowance payments for electricians and plumbers, while the employee group is also continuing to press for a licence allowance payment. Protected action ballots for each of the unions have authorised the taking of certain protected industrial action. The ETU and Plumbers Union have notified Crown of the intention to take certain actions on 29 November 2019 in order

to maintain the right to take protected action (if they don't take the action they will have to conduct new ballots). Bargaining is continuing.

### **3.4. Crown Perth**

#### *Industrial Relations*

Negotiations with the United Workers Union (formerly United Voice) for a new Enterprise Agreement (the current agreement expired on 30 September 2019) have now been finalised and an in-principle agreement was reached on 12 November 2019 which needs to be put to a vote of eligible employees. The agreement is over three years with rate increases of 2.25%, 2.25% and 3.0%.

As part of its bargaining strategy, United Workers Union engaged in three separate Protected Industrial Actions taking place from the Melbourne Cup Weekend (starting Saturday 2 November at 00:01).

All affected departments enacted their business continuity plans. Impacts to operations were minimal with an approximate 16% of employees taking part in industrial action.

## SECTION 4 – UK BUSINESSES

### 1. Crown Aspinalls

#### *Legal Matters (Legally Privileged)*

In relation to a debtor making material allegations concerning his debt, after a freezing injunction was imposed by Crown Aspinalls, at a hearing in early November, the court ordered the patron to pay Crown Aspinalls by 14 November 2019:

- £1,995,437 being the original debt;
- £642,481 being interest payments (this will not impact EBITDA as it is interest);
- £437 per day interest until the debt is paid (as above, no impact to EBITDA); and
- £32,377 being legal costs for this claim.

The Order also required the patron to pay the Crown (government) £15,000 for not responding to a contempt order by the required date.

A further £80,000 is to be held (for Crown Aspinalls) on account for future legal fees.

On 22 November 2019 (the final date to lodge an appeal), the patron filed an appeal against the verdict. Crown Aspinalls has however received £260,000 in costs and is waiting for the court to release £2.5m to Crown Aspinalls.

#### *Legislative Change*

On 31 October 2019, new Social Responsibility Codes under the Licence Conditions and Codes of Practice (**LCCP**) came into force to raise standards for alternative dispute resolution (**ADR**) and strengthen requirements on how licensees identify and interact with customers who may be at risk of or experiencing gambling harms. Crown Aspinalls has implemented a new customer interaction platform (including further transaction monitoring developments) to aid in capturing the Social Responsibility Code's expectations. A Key Event is also required and will also be submitted to the Gambling Commission to advise of a change of ADR provider once the changes are in place.

### 2. Aspers





#### *Aspers Refinancing*

Aspers is continuing its discussions with NatWest and Barclays in relation to its proposed refinancing but is not in a rush to conclude a new facility given the potential sale of the Aspers provincial businesses (which would mean that Aspers would only need a much smaller facility) and the fact that the existing facility does not require to be repaid until March 2021.

Crown has been assisting Aspers in these discussions and will continue to assist as the refinancing process unfolds, including in relation to engaging with relevant banks and assisting with documentation and due diligence.

Any refinance of the Aspers facility will require approval of the Aspers Board (which includes John Alexander and Ken Barton).

#### *Legislative Change*

UK Prime Minister Boris Johnson has noted his priorities for post the 12 December 2019 UK election, with early polls indicating his Tories will emerge with a substantially enhanced majority in the House of Commons. Apart from the main pledge of “getting Brexit done,” the Tories also intend to “revaluate” the 2005 Gambling Act. The Tories say their review of the Act will have “a particular focus on tackling issues around loot boxes and credit card misuse.” Although some parliamentarians uphold that loot box mechanics don’t meet the current definition of gambling.

The UK Gambling Commission (**UKGC**) is organising a public consultation on whether it should ban the use of credit cards for online gambling altogether. A group of UK parliamentarians recently called for several online gambling restrictions, including a credit card ban and a reduction in online slots stakes to match the new £2 max stake on retail gaming machines that was imposed on 1 April.

Additionally, more UK banks are now rolling out new features that allow customers to restrict their access to online gambling.

*Gambling Commission Action (Legally Privileged)*

On 4 September 2019, the UKGC wrote to Aspers to give notice of a review of its Operating Licence, alleging that activities have been carried out not in accordance with the conditions of the licence and that they suspect that the Licensee may be unsuitable to carry on the licensed activities. The letter follows the suicide of a patron after he consumed a number of complimentary drinks, lost funds and was subsequently removed by police from Aspers' Stratford Casino.

Aspers was required to respond within 14 days of receiving the notice and is being assisted in the Review by Harris Hagan Solicitors.

## SECTION 5 – BETFAIR

### 1. Business Update

Following the decision approved by the Betfair Board in October, management is pushing ahead with the development of Betfair's new Mobile product. Customer research is well underway, and a vendor has already been chosen; RXP – with whom Betfair has successfully launched previous products (e.g. Betfair Live).

Mobile, along with (a) enhanced Seeding; (b) scaled up data led Marketing; and (c) customer Pricing review, are the four key areas identified as growth drivers for the remainder of F20 and in to F21.

### 2. Trading Update

For the year-to-date 31 October 2019, total Revenue finished in-line YoY and 12% down against budget. Exchange Revenue grew 2% YoY, but declined 12% on budget as challenges are being seen across VIP segments. Premium Charge finished 10% up YoY, 43% up against budget primarily due to activity from our #1 customer.

The decision to stop offering Hong Kong racing after three meetings is forecast to cost \$2.4m versus F20 EBITDA budget. Management continue to work through other levers to address this shortfall.

YTD October EBITDA hit \$5.4m (-\$0.3m/-6% to budget). The primary driver for this result against budget was the revenue performance, missing operating revenue by \$3.6m, which translates to \$1.8m miss at EBITDA. This has been partially offset by savings across foreign exchange (+\$0.3m), payroll with delayed recruitment (+\$0.2m), product mix aligning to more favourable products (lower product fee events +\$0.6m) and savings in technology licence fees (+\$0.1m).

Spring Carnival saw the industry face challenges from negative publicity, higher taxes (Point of Consumption) and the resulting reduction in VIP performance. Turnover for the industry declined 8% YoY, with Betfair in-line with this performance (compared to 13% YoY growth last Spring).

### 3. Legal and Regulatory

#### ***Implementation of National Consumer Protection Framework (NCPF) Measures***

In late November 2018, the NCPF, which consists of 10 consumer protection measures, was formally announced.

The States/Territories have now implemented several of the consumer protection measures, including changes to deposit limit requirements and restrictions on inducements.

New requirements in relation to customer activity statements will be implemented by the end of May 2020. Betfair's regulator, the Northern Territory Racing Commission (NTRC), is yet to publish a copy of its draft requirements. Once the draft requirements are published,

Betfair (and the other members of Responsible Wagering Australia) will consult with the NTRC and provide feedback.

Once the new requirements in relation to customer activity statements are finalised, Betfair will need to arrange for the necessary changes to be made to its desktop and mobile websites. This will involve the signing of a 'Statement of Work' with Paddy Power Betfair Plc (PPB). This could be an expensive exercise, and Betfair will need to ensure that the work: (a) is completed by the deadline; and (b) meets the new regulatory requirements.

Betfair has advised PPB that the development work will need to be completed by the end of May 2020.

### ***Introduction of new 'offshore betting charges' in New Zealand***

In late June 2019, the *Racing Reform Bill* (NZ) was passed. This Bill has amended the New Zealand *Racing Act 2003*, introducing new provisions which seek to implement: (a) a New Zealand POC Tax regime; and (b) a new product fee regime, pursuant to which offshore wagering operators (such as Betfair) would have to pay a 'betting information use charge'. The proposed commencement date for these new charges is 1 July 2020.

In November 2019, the NZ Department of Internal Affairs (**DIA**) released a Discussion Paper and commenced a consultation process. The DIA has sought feedback from stakeholders on the proposed consumption charge and the proposed betting information use charge. On 2 December 2019, Betfair provided a detailed written submission to the DIA. Betfair will provide further updates on this matter in due course.

### ***Ban on Credit Cards for Sports Betting***

A Consultation Paper was published by the Australian Banking Association (ABA) on 5 November on the use of credit cards for gambling. The ABA is seeking views from the public on the place of a credit card and its use for gambling. Currently credit cards can be used when gambling online, however when in a gambling venue of a licenced venue or casino patrons cannot use credit cards or make ATM cash advance on their credit card.

The ABA is seeking community views on the following questions:

1. What are the risks and concerns associated with gambling with credit cards?
2. Should the use of credit cards for gambling be restricted or prohibited?
3. If so, should the restriction or prohibition apply to all forms of gambling?
4. What are the potential consequences of prohibiting or restricting the use of credit cards for gambling?
5. Should there be a transition period if banks choose to implement changes relating to credit cards?

Responsible Wagering Australia (RWA) and its members (SportsBet, BetEasy and Ladbrokes) have determined that:

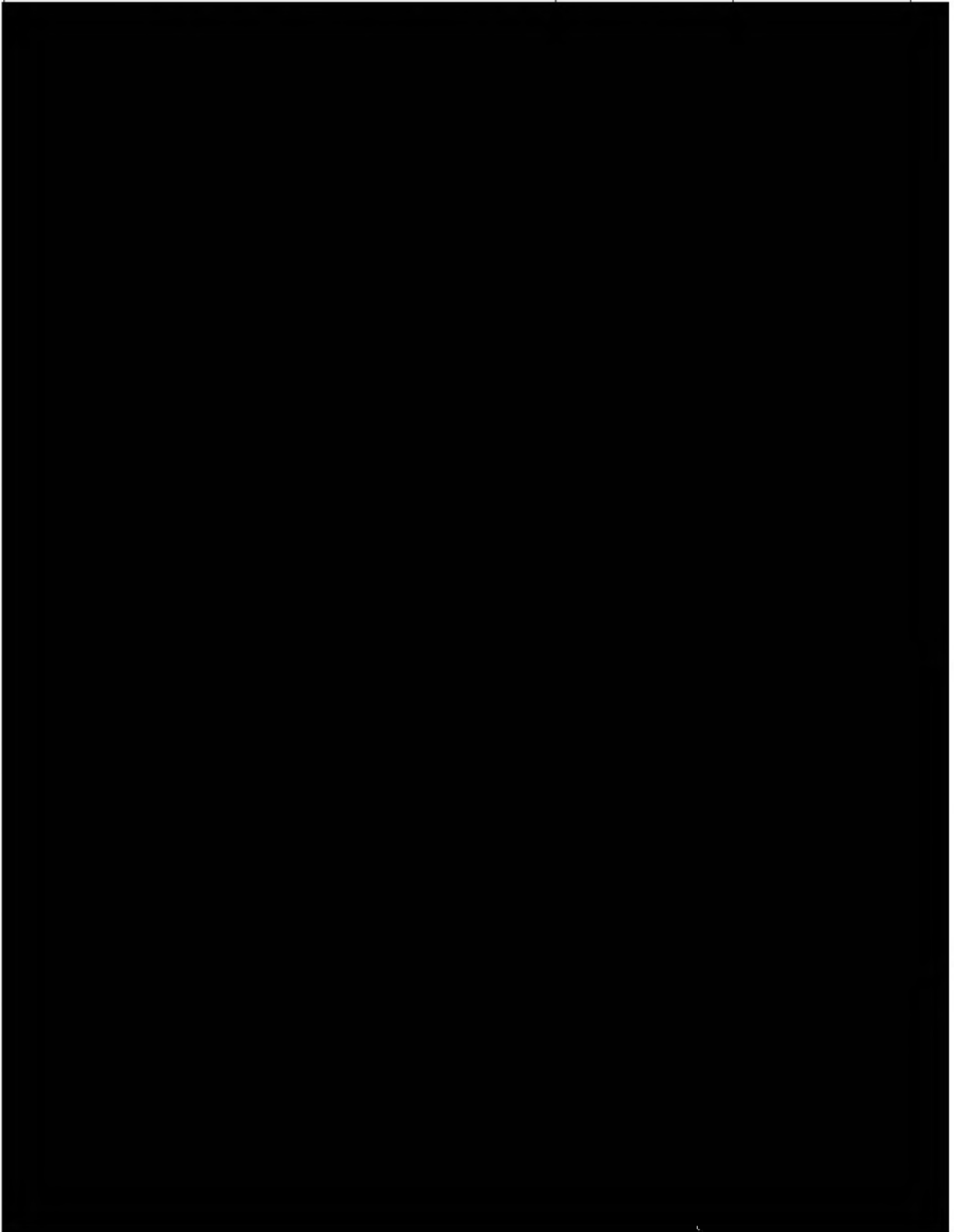
- the RWA members do not want credit cards to be banned, (although concede that it appears a ban is inevitable);
- representatives of the RWA are going to meet with the ABA to discuss the matter and possible options;

- RWA will likely prepare a submission on behalf of the members, to lodge with the ABA. It is expected that the submission will seek to agree:
  - that a ban not be implemented; and
  - if a ban is going to be implemented, that there be a long transition period for online wagering operators.

Approximately 25% of the monies being deposited by Betfair customers are from credit cards.



## SECTION 6 – NET DEBT AND CASH FLOW



4



4



**AGENDA ITEM 5:**  
Trading Update

# Results to 1 December 2019



Consolidated Profit & Loss	FINANCIAL YEAR TO DATE						
	Actual	Budget	Variance		Last Year	Variance	
<u>EBITDA @ Theoretical</u>	A\$'000	A\$'000	A\$'000	%	A\$'000	A\$'000	%
Melbourne - Local	226,760	228,618	(1,859)	(0.8%)	234,418	(7,658)	(3.3%)
Melbourne - VIP Program	(1,861)	27,201	(29,062)	(106.8%)	34,853	(36,714)	(105.3%)
Crown Melbourne	224,899	255,819	(30,920)	(12.1%)	269,271	(44,372)	(16.5%)
Perth - Local	99,813	91,896	7,917	8.6%	99,983	(170)	(0.2%)
Perth - VIP Program	3,075	2,476	600	24.2%	(1,479)	4,555	307.9%
Crown Perth	102,888	94,371	8,517	9.0%	98,503	4,385	4.5%
Crown Aspinalls	3,428	3,150	278	8.8%	6,234	(2,807)	(45.0%)
Wagering & Online	11,889	11,711	178	1.5%	6,629	5,260	79.4%
Corporate	(21,466)	(21,782)	316	1.5%	(24,276)	2,809	11.6%
<b>TOTAL EBITDA @ Theoretical</b>	<b>321,637</b>	<b>343,269</b>	<b>(21,632)</b>	<b>(6.3%)</b>	<b>356,362</b>	<b>(34,724)</b>	<b>(9.7%)</b>
Depreciation	(115,671)	(115,590)	(81)	(0.1%)	(117,896)	2,225	1.9%
Interest	708	882	(175)	(19.8%)	(7,692)	8,399	109.2%
Taxation	(61,749)	(68,371)	6,622	9.7%	(68,719)	6,970	10.1%
Equity Accounted Result	4,427	5,694	(1,267)	(22.3%)	5,546	(1,119)	(20.2%)
Minority Interest	(386)	(294)	(92)	(31.3%)	456	(842)	(184.6%)
<b>Crown NPAT @ Theo</b>	<b>148,965</b>	<b>165,591</b>	<b>(16,626)</b>	<b>(10.0%)</b>	<b>168,056</b>	<b>(19,091)</b>	<b>(11.4%)</b>

<u>EBITDA @ Actual</u>							
Crown Melbourne	271,225	255,819	15,406	6.0%	204,518	66,707	32.6%
Crown Perth	106,542	94,371	12,171	12.9%	114,721	(8,179)	(7.1%)
Crown Aspinalls	3,665	3,150	515	16.3%	(2,745)	6,409	233.5%
Wagering & Online	11,889	11,711	178	1.5%	6,629	5,260	79.4%
Corporate	(21,466)	(21,782)	316	1.5%	(24,276)	2,809	11.6%
<b>TOTAL EBITDA @ Actual</b>	<b>371,855</b>	<b>343,269</b>	<b>28,586</b>	<b>8.3%</b>	<b>298,848</b>	<b>73,007</b>	<b>24.4%</b>
<b>Crown NPAT @ Actual</b>	<b>184,142</b>	<b>165,591</b>	<b>18,551</b>	<b>11.2%</b>	<b>126,900</b>	<b>57,242</b>	<b>45.1%</b>

## Trading Update – Australian Resorts to 1 December 2019



### Australian Resorts

- Melbourne and Perth combined theoretical EBITDA is tracking below budget by \$22.4m or 6.4% YTD due to a soft results in Program Play in Melbourne (down \$29.1m). Perth Local Business is above budget by 8.6% with Melbourne Local slightly down on budget by 0.8%.

### Crown Melbourne

- **Theoretical EBITDA** is below budget by \$30.9m or 12.1% largely due to Program Play, down \$29.1m;
- **Local Business** is tracking slightly below budget by \$1.9m or 0.8% with strong YTD results in machines offset by poor hold in tables costing \$4.0m in contribution YTD;
- **Table Games** contribution is below budget by \$3.6m or 2.5% with volumes in line with budget and 3.1% above the prior year. Hold is tracking below budget costing \$4.0m in contribution YTD;
- Main Floor volumes are 3% above budget with solid performance in both traditional tables and eTGs while Premium volumes are up 1% to budget driven by the Maple Room (+8%) offset by lower Mahogany Room (-5%);
- Patron hours are slightly below expectations with the Main Floor (ex Poker) and eTGs -1% to budget and Premium -2% below budget;
- **Gaming Machines** has been strong with turnover 6.0% above budget and 9.8% up on the prior year. Hold is tracking slightly below budget resulting in contribution being \$1.4m or 1.5% above budget YTD;
- Main Gaming Floor (MGF) trade continues its recent trend with volumes 3% up on budget and 5% up year-on-year, with patron hours flat to budget and 3% above prior year. Crown's market share continues to improve with 13 consecutive months of rolling 12-month growth as at the end of October; ■
- Premium areas have performed strongly YTD with Teak Room turnover 5% above budget driven by very strong patron hours (up 13% on budget) and Mahogany Room turnover 12% above budget;
- Construction of 2x Dragon Dens in Main Floor West (83 machines) is complete and expanded Teak Room non-smoking offer continues to perform well and additional product launched or expanded including All Aboard and Repeat Fever (Konami), Mighty Coin (Aristocrat), Welcome to Fantastic Jackpots (Aristocrat) and Scarab (IGT);
- The F20 H1 Product Refresh Plan is well underway with 580 of the targeted 750 new machines to be installed by 31 December.

## Trading Update – Australian Resorts to 1 December 2019



- **Food & Beverage** YTD contribution is above budget by \$0.3m or 1.2%;
- Events & Conferencing and Casual Restaurants have performed above expectations while Premium Restaurants have been impacted by lower junket activity, impacting Silks and Koko in particular. Bars and Clubs are tracking marginally behind.
- The Aviary has generated \$3.3m in revenue so far this FY. The closure of The Atlantic function rooms in Docklands has also provided additional unbudgeted revenues. E&C revenue is \$2.2m or 9% up on budget YTD;
- Bars were positively impacted by the UFC in Melbourne (6 October) and the USA v AUS basketball games during August, while the Spring Racing Carnival was down on expectations;
- **Hotels** have been impacted by less high-end VIP activity, particularly affecting Towers and Villas resulting in contribution YTD being below budget by \$0.6m or 1.3%.
- Lower midweek activity (Corporate, Groups and Wholesale) has pulled occupancy back, although increased Leisure volumes (+12%) has seen average rates hold up well;
- The overall occupancy results have been broadly in line with the premium market, with the main segment changes being reduced Corporate and Group activity. There has been a noticeable drop in VIP Gaming room nights, partly offset by stronger Leisure business;
- YTD occupancy is Towers 94.3% (down 2.4% on budget), Metropol 92.9% (down 1.0%), Promenade 93.3% (down 4.3%) and Villas 65.9% (down 4.6%). Overall occupancy is down 1.9% on last year, while the premium market is also down 2.0%.
- Average rates, however are tracking solidly with Towers down just 0.6%, Metropol up 0.5% and Promenade up 0.5%, Villas is down 9%. Overall rate excluding Villas is in line with budget and 1.3% above last year, while the market is up just 0.3% on last year;
- **Support Departments** are slightly favourable to budget YTD.

## Trading Update – Australian Resorts to 1 December 2019



### Crown Perth

- **Theoretical EBITDA** is above budget by \$8.5m or 9.0% with strong results across the Local Business and some better volumes in Program Play in recent weeks, albeit off a low base;
- Although local economic conditions in WA continue to be challenging, our various value propositions combined with some strong external events and Theatre shows have contributed to results exceeding expectations YTD. The second half of the year is expected to be more challenging, particularly in Non-Gaming with no major Theatre shows or significant events on the calendar;
- **Local Business** is above budget by \$7.9m or 8.6% with all areas of the business trading above budget YTD;
- **Table Games** continues to see strong volumes, with contribution up \$1.9m or 6.4%. Volumes are up 3.6% on budget but still tracking below last year by 2.0%. Hold is slightly up on budget YTD;
- The Pearl Room is currently undergoing a refurbishment which will be completed in late December, expanding the customer dining experience and an enhanced table product offering to members. In-room promotions have proved successful (Golden Tuesdays, Lucky Streak and \$20k Giveaway) along with an improved guest policy and hosting experience. November was the first month of F20 where volumes outperformed both budget and prior year.
- Main Gaming Floor traditional products continue to increase volumes, ahead on both budget and prior year. Patron visitation has improved 3.6%, while the focus on operational efficiencies has seen open hours down 3.9%
- Electronic Table Games (eTGs) continue to perform well with the introduction of Quartz screens and Premium Economy eTGs in Q3 expected to further enhance customer experience and product performance with eTG volumes ahead of both budget and prior year.
- **Gaming Machines** is also performing strongly with contribution up on budget by \$2.0m or 2.5%;
- MGF volumes have remained strong through the start of F20 driven by increased visitation from the silver and member loyalty tiers along with the unrated casual infrequent customer;
- Positive results in the Riverside Room have continued into F20, with revenue in this area up 6% on the prior year. This is consistent with increased patron volumes following a series of refinements to the in-room experience and promotional calendar;
- Similar to Pearl Room tables, premium activity has shown some positive signs in recent months and has come on the back of increased customer volumes.
- A strong suite of new games developed under the recently approved updated regulations are planned for rollout across the remainder of the year, including the highly successful Aristocrat Lightning Link product and All Aboard from Konami. These games along with others will increase the number of multi-denomination games available and support the value message across the floor.

## Trading Update – Australian Resorts to 1 December 2019



- **Food & Beverage** is trading strongly with contribution up on budget by \$1.3m or 13.9% aided by the key events at the stadium early in the year including Manchester United and the Bledisloe Cup combined with strong Theatre performances from the Book of Mormon;
- Covers are up compared to last year, however average check is down as customers seek the various value propositions and promotions on offer;
- **Conventions & Entertainment** is performing well with contribution up \$0.7m or 13.8% on budget;
- Convention numbers were strong in the first quarter with various conferences with high attendance numbers, however the second quarter has seen a drop in events and participant numbers;
- The Theatre has performed well with the biggest long running show of the year, The Book of Mormon, which concluded in November with a total attendance level of nearly 144,000. The new Theatre Bar Grab-and-Go setup is also proving popular with patrons;
- Also contributing to the result is the unbudgeted Pop Up Globe built in Carpark 4. The full-scale temporary structure housing 930 customers is a working replica of Shakespeare's theatre. Performances commenced in October with a YTD attendance of nearly 45,000; further shows are due to run through to early December;
- Hotels is also performing strongly in a tough market with contribution up on budget by \$1.5m or 9.2% aided by a strong stadium calendar of events in the early part of the year, with the Manchester United group in-house during July as well as the interstate visitors attracted to the Bledisloe Cup and a good base of Groups business;
- Leisure demand continues to improve with the recent school holiday period generating positive year on year growth for this segment;
- Occupancy is tracking ahead of budget in all three hotels. Rate continues to perform better than expected, particularly in Towers;
- The wider market conditions continue to face challenges with rate continuing to decline, driven by additional room inventory including the Art Series (250 rooms 4.5 star) and Ibis Styles (252 rooms 4-star) and the recently opened Ritz Carlton (205 rooms 5-star) in November.
- **Support Departments** are in line with budget YTD.



## Trading Update – Australian Resorts to 1 December 2019

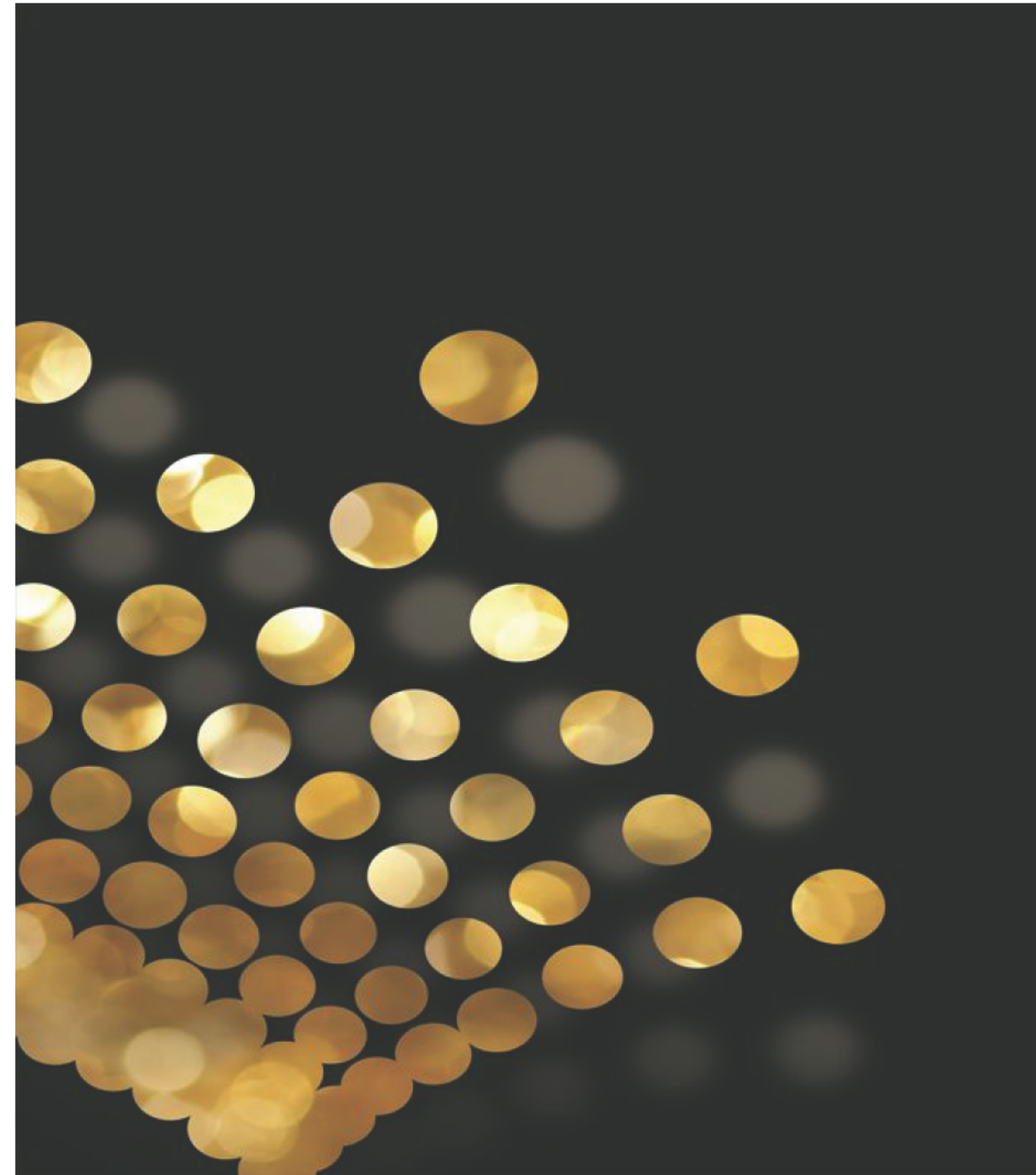


### International Program Play

- **Melbourne Program Play** is very soft with theoretical contribution trading at a loss of \$1.9m YTD, well down on budget by \$29.1m .
- Turnover is down on budget by 47% and down on last year by 47% which has been diluted due to the strong win rate;
- The win rate has been a positive at 2.28% YTD resulting in a positive variance to theoretical of \$46.3m;
  
- **Perth Program Play** has had a better last few weeks, albeit off a very low base, with theoretical contribution above budget by \$0.6m or 24.2%.
- Turnover volumes are up on budget by circa 14%, with a win rate of 1.10%.



**AGENDA ITEM 6:**  
VIP Business Update



# Crown Resorts

Strategic Review of the  
VIP Business

12 December 2019

Australia's  
Integrated  
Resort  
Company

# Table of contents

<b>1</b>	Executive summary	3
<b>2</b>	VIP Program Play trading update	8
<b>3</b>	Global VIP market	11
<b>4</b>	Australian VIP market	18
<b>5</b>	Review of Crown's VIP Program Play business	23
<b>6</b>	Crown Sydney VIP business case	32
<b>7</b>	Options for Crown's VIP Program Play business	37
<b>8</b>	Management recommendation and revised forecast	40
<b>A</b>	Additional information	45



# Section 1

Executive summary

## Executive summary—Background

- The budget for F20 assumed c.\$70m in contribution from Crown's Australian International and Interstate VIP Program Play business ("VIP Program Play business") (of c.\$65m and c.\$5m respectively), up slightly on F19
  - The budget assumed a return to growing volumes in F20 anticipating improvement in Crown's ability to market to customers in some Asian markets following implementation of an approved operating model
- Year-to-date, Crown's VIP Program Play business has been break even and well down on budget
  - Year-to-date turnover is down over 40% on last year, driven by fewer large players, with visitation broadly flat but average turnover per player well down
    - Whilst turnover is well down on last year, average revenue per player is up year on year driven by the strong win rate in F20 YTD
  - Annualising F20 YTD turnover implies full year turnover of c.\$25 billion which would be the lowest level since 2006
  - Negative publicity associated with the Crown brand appears to have contributed to some large players staying away due to privacy concerns
  - Further, from August, Crown reduced its sales and marketing activities in Macau following a pronouncement that Macanese junkets were not to market offshore casinos
- Given the current challenging trading conditions, Management have undertaken a detailed strategic analysis and reforecast of the VIP Program Play businesses for discussion with the Board

## Executive summary—Global VIP market

- Whilst the global VIP market is currently experiencing challenging trading conditions, there is insufficient certainty to draw a conclusion that the market has entered a period of structural decline
  - The global VIP market is highly volatile, and has previously demonstrated cyclicity
    - Following the last down cycle during 2014/15 (in response to the Chinese anti-corruption crackdown) the global VIP market returned to a period of growth during 2016-2018
  - Several factors have impacted the global VIP market during 2019, including increased regulation out of China (impacting funds flows and junket regulation), consumer confidence (drive by the US/China trade war) and the rise of new markets (including Vietnam, Cambodia and the Philippines)
  - Analysts are expecting the Macau market to continue to decline during 4Q2019 and into 2020, but will return to growth in 2021
  - Whilst regulation from China has generally been a negative for the global VIP market, any future supportive policies (or a loosening of recent restrictions) could spur growth in the global VIP market
  - Similarly, the potential for increased regulatory scrutiny on new markets (including Vietnam and Cambodia) could drive visitation back to more stringently regulated markets such as Australia

## Executive summary—Crown's VIP Program Play business

- Crown's VIP business is facing company specific headwinds, including a negative brand image following recent adverse media reporting and more restrictive marketing protocols
  - Crown has also experienced a high win rate year-to-date, which may have had an impact on turnover
- The opening of Crown Sydney presents a significant opportunity to relaunch the Crown brand and marketing effort to capture a greater share of the global VIP market
  - Sydney remains an attractive destination for international VIP patrons, with Crown Sydney to be the first truly 6-star property in the city, presenting an opportunity to both grow the market and capture a significant market share of existing visitation
- Appropriate support structures across the broader group will need to be in place to support volumes at Crown Sydney, including marketing staff and infrastructure
  - Any decision taken today to 'mothball' or significantly reduce the level of overhead expense in the current structure of the VIP Program Play business would need to consider the longer term impact on the business (such as the loss of expertise) and the cost to re-establish the necessary support structures for Crown Sydney in the short to medium term



## Executive summary—Management recommendation and revised forecast

- Several options have been considered by management, including a revised business model (with a lower commission structure) or a full closure of the VIP business. Management's recommendation is to retain the current operational set-up ahead of the opening of Crown Sydney
  - If the decision was made to significantly cut costs today, it would be extremely difficult to replace this loss of expertise prior to the opening of Crown Sydney. Further, it may not be economically rational to cut certain costs for a short period of time
  - There are certain ancillary benefits which the VIP Program Play business provides the broader Crown business, including absorbing costs that would otherwise be borne by the broader business (up to an estimated c.\$23 million), providing valuable customers to other areas of the business and supporting certain regulatory settings which require a substantial level of international play
- Based on the revised forecast for F20, the VIP Program Play business is expected to generate \$5.0 million in contribution, down \$65 million on budget and \$58 million on last year
  - This assumes Crown generates c.\$24 billion in turnover, with Melbourne expected to be break-even and Perth expected to generate a modest profit (in both cases at theoretical)
  - The revised forecast factors in c.\$9 million in overhead cost savings primarily associated with reduced labour and on-costs, and reduced marketing and events
- Under the revised forecast, Crown is expected to generate EBITDA of c.\$760 million in F20
  - Crown's revised group forecast (at 1.35%) is 2.3% below analyst consensus, reflecting the fact that the market has already lowered expectations for Crown's VIP business for the year



## Section 2

VIP Program Play trading update

## Crown VIP Program Play—Year-to-date trading

The Budget for F20 assumed c.\$70m in contribution from the VIP Program Play business, up slightly on F19. Through to the end of October, turnover is down over 40% on last year, with contribution break-even, well down on budget. However, a strong win rate has meant VIP Program Play has been a meaningful contributor at actual

A\$m	F19	F20 Budget	Oct-YTD	Variance		Oct-YTD annualised	Variance	
				Budget	Last Year		Budget	Last Year
<b>Turnover</b>								
- Melbourne	32,700	36,377	6,577	(5,129)	(6,664)	19,730	(16,648)	(12,970)
- Perth	5,331	4,700	1,678	(39)	229	5,034	334	(297)
<b>Program Play turnover</b>	<b>38,031</b>	<b>41,077</b>	<b>8,255</b>	<b>(5,168)</b>	<b>(6,434)</b>	<b>24,764</b>	<b>(16,313)</b>	<b>(13,267)</b>
<b>Direct contribution</b>								
- Melbourne	132.9	144.7	25.1	(21.4)	(33.4)	75.3	(69.4)	(57.6)
- Perth	19.7	23.5	7.8	(0.8)	4.0	23.4	(0.1)	3.7
<b>Direct contribution</b>	<b>152.7</b>	<b>168.3</b>	<b>32.9</b>	<b>(22.2)</b>	<b>(29.4)</b>	<b>98.7</b>	<b>(69.5)</b>	<b>(53.9)</b>
Overhead costs	(89.4)	(97.8)	(32.0)	0.3	(1.9)	(96.0)	1.8	(6.6)
<b>Net contribution</b>								
- Melbourne	61.3	65.1	(0.4)	(21.2)	(34.6)	(1.1)	(66.2)	(62.4)
- Perth	1.9	5.4	1.3	(0.7)	3.3	3.8	(1.5)	1.9
<b>Net contribution</b>	<b>63.2</b>	<b>70.4</b>	<b>0.9</b>	<b>(21.9)</b>	<b>(31.3)</b>	<b>2.7</b>	<b>(67.7)</b>	<b>(60.5)</b>
<b>Actual contribution</b>								
- Melbourne	75.6	65.1	46.0	25.2	62.7			
- Perth	22.5	5.4	5.7	3.8	(9.7)			
<b>Actual contribution</b>	<b>98.1</b>	<b>70.4</b>	<b>51.7</b>	<b>29.0</b>	<b>53.0</b>			
Win rate	1.42%	1.40%	2.31%					

Annualising F20 YTD turnover implies full year turnover c.\$25 billion which would be the lowest level since 2006

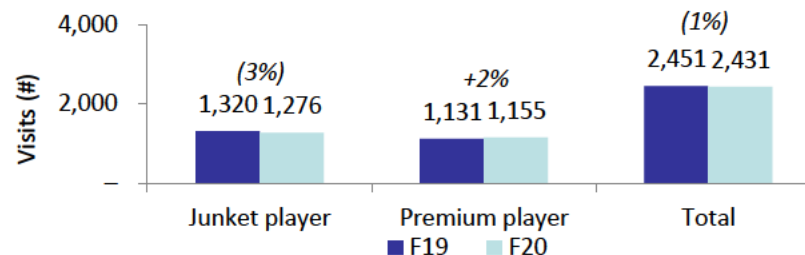
# Crown VIP Program Play—Year-to-date trading

The decline in turnover has been driven by fewer large players (either playing under a junket or a premium player), with visitation broadly flat on last year. Negative publicity associated with the Crown brand appears to have contributed to some large players staying away due to privacy concerns, whilst restrictions on marketing in Macau has also had an impact

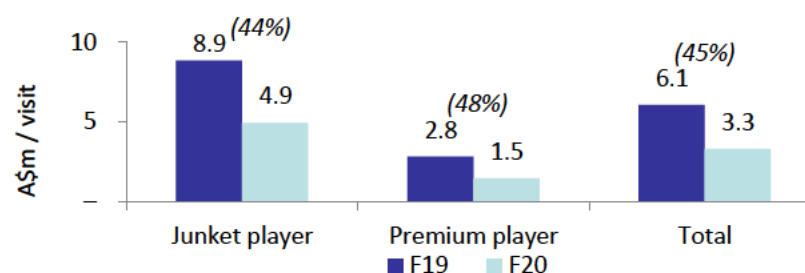
## Drivers of year-to-date performance

- Negative publicity associated with the Crown brand (particularly following Nine Entertainment reporting)
  - Feedback from players has raised concerns with Crown’s credibility in protecting customer information and privacy
- From August, reduced sales and marketing activity in Macau following a pronouncement that Macanese junkets were not to market offshore casinos
- Loss of key players
- Slow down in the broader VIP market
- Reduction in volume from Crown’s largest junket (Song) associated with difficulty in collecting debts in China
- Marketing restrictions relative to competitors domestically and within the region

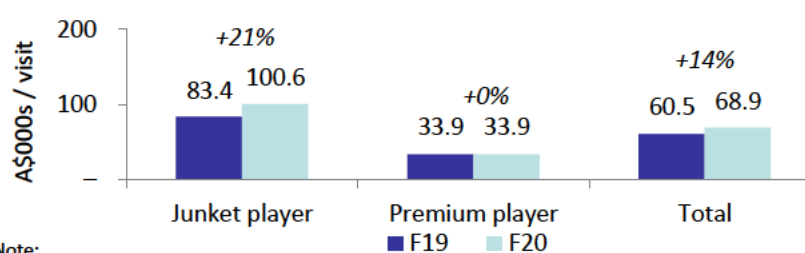
Number of international player visits<sup>1</sup>



Average international turnover per player visit<sup>1</sup>



Average actual international revenue per player visit<sup>1</sup>



Note:

1 As at 15 November YTD





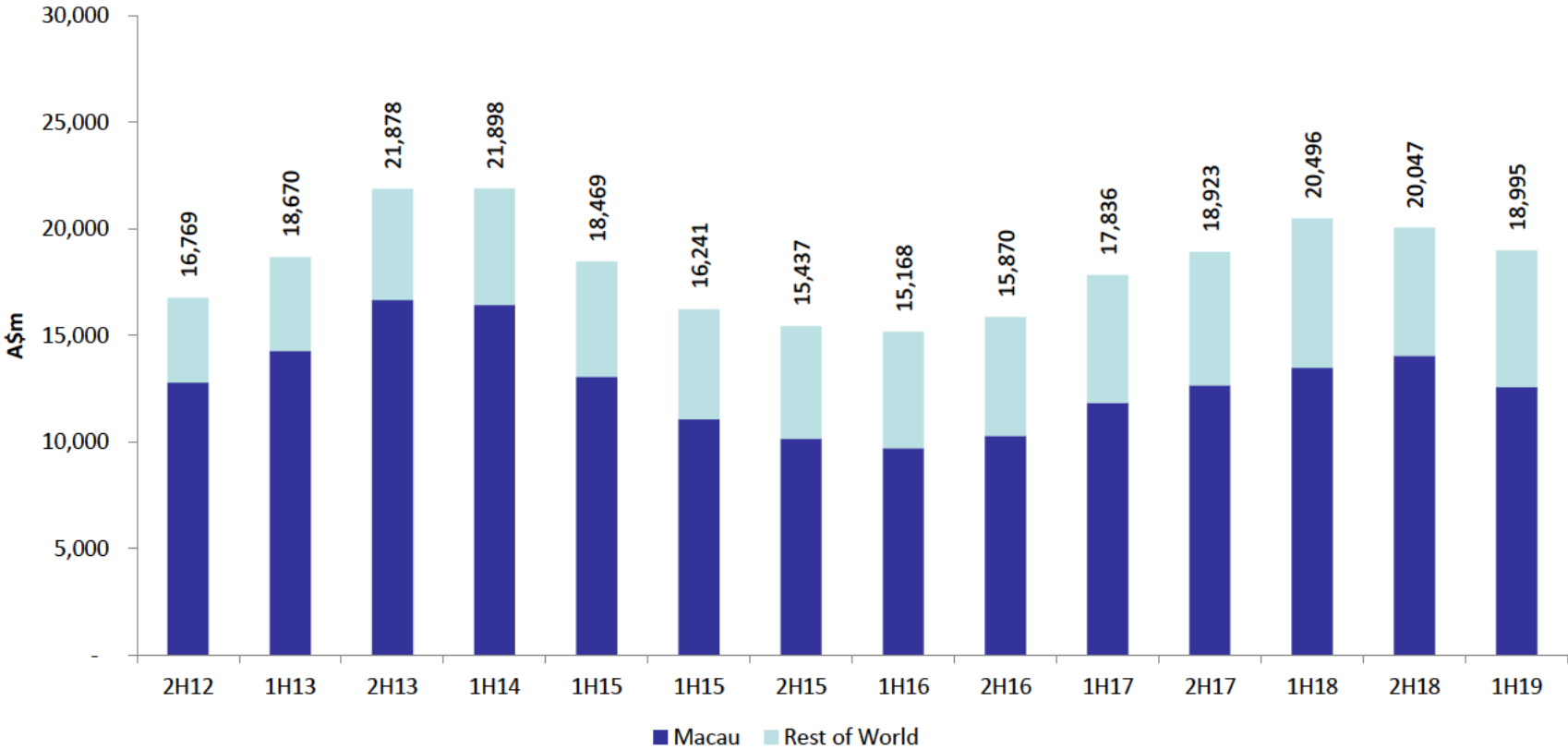
**Section 3**

**Global VIP market**

# Estimated Global VIP market

The global VIP market is estimated to be worth approximately A\$40 billion (on an annual revenue basis). Whilst the global VIP market declined 7% in the first half of 2019, emerging markets such as Cambodia and the Philippines grew over 25%

**Estimated Global VIP market (revenue basis)**



Source: Company filings, Crown estimates

## Global VIP market share

Macau has an estimated 65% market share of the global VIP market, down from approximately 75% with the rise of new South East Asian markets (including Cambodia and the Philippines). Australia currently has an estimated 3% market share, down from a peak of c.5% in 2015

### Estimated Global VIP market (revenue)

Calendar Year	2H12	1H13	2H13	1H14	1H15	1H15	2H15	1H16	2H16	1H17	2H17	1H18	2H18	1H19
Global VIP market (A\$bn)	16.8	18.7	21.9	21.9	18.5	16.2	15.4	15.2	15.9	17.8	18.9	20.5	20.0	19.0
<b>Estimated market share</b>														
Macau	76%	77%	76%	75%	71%	68%	66%	64%	65%	66%	67%	66%	70%	66%
South Korea	5%	5%	5%	5%	6%	7%	6%	6%	6%	5%	5%	6%	6%	7%
Singapore	8%	8%	8%	9%	7%	8%	8%	6%	6%	7%	6%	7%	6%	6%
Cambodia	0%	0%	0%	0%	1%	1%	1%	1%	1%	2%	3%	4%	4%	5%
Philippines	1%	2%	1%	1%	2%	2%	3%	3%	4%	4%	3%	4%	4%	5%
Vegas	4%	3%	5%	4%	5%	5%	6%	5%	6%	4%	4%	4%	4%	4%
Australia	4%	2%	3%	3%	4%	5%	5%	5%	4%	3%	3%	4%	3%	3%
Saipan	0%	0%	0%	0%	0%	0%	1%	4%	4%	7%	5%	3%	1%	0%
Other	2%	3%	2%	2%	4%	3%	4%	4%	5%	3%	4%	3%	3%	4%

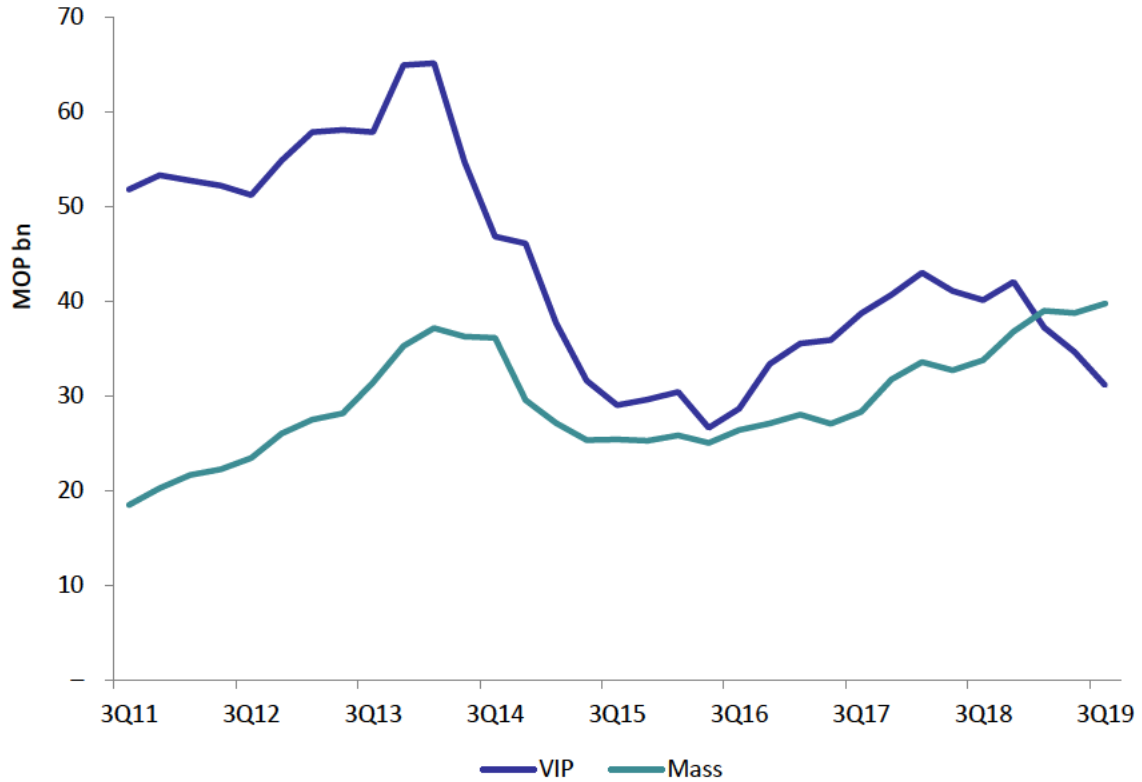
Source: Company filings, Crown estimates

*There may be future opportunities for Australia to grow current market share back towards the peak of c.5%, including 1) the opening of Crown Sydney and 2) the potential for increased regulatory scrutiny on new markets*

# Macau GGR – Historical performance

Macau VIP GGR is down c.17% in 2019, including down 22.5% in the third quarter. There have been divergent VIP and mass trends in Macau during 2019 (with mass tables up c.20% YTD), after a period of market recovery following the anti-corruption campaign in China during 2014/2015 which had a negative impact on GGR

### Macau GGR



Source: DICJ

### Commentary

- It has been a stated goal of the Macau government to diversify the economy into non-gaming areas, promoting the development of non-gaming infrastructure catering to the leisure tourist
- During 2014/2015, GGR was impacted by the Chinese anti-corruption campaign which depressed appetite to gamble in Macau
- This coincided with a period of increased regulation and capital requirements for licensed Macanese junkets, resulting in the consolidation of the junket market and a reduction in the number of active junkets (with 100 licensed junkets in 2019 down from 235 in 2013)



## Macau VIP GGR – commentary

The slow-down in VIP GGR in Macau during 2019 has been attributed to tighter capital controls in China, regional competition, reduced demand from players given the uncertainty of the US / China trade war and a slowdown in the Chinese property market, tighter controls on junkets and the impact of the Chinese Government crack-down on online and proxy betting



17 November 2019

*"The global VIP market has come under increasing pressure over the past year from a number of external sources, including the US-China trade war, a slowdown in Chinese property sales volumes, diverging junket incentives, the emergence of frontier markets, and regulatory crackdowns on cross-border gaming activity and capital flows"*



14 November 2019

*"...the divergence trends between VIP and mass-market GGR was greater than expected... We attribute this divergence to (1) temporary capital withdrawal by Suncity's shareholders after the "proxy betting" incident in July; (2) increased capital control and greater difficulty for junkets to enforce debt collection in China, thereby affecting their willingness to extend credit; (3) softer gaming demand from bigger players who are usually the ones that require junket credits."*



15 November 2019

*"...we think regulatory pressure on money movement and a slower China property recovery are the reasons for continued weakness in VIP"*

# Macau GGR outlook – Market expectations

Analysts are expecting VIP revenues to continue to decline during the fourth quarter of 2019 and into 2020, returning to growth towards the end of 2020 and into 2021

## Analyst expectations

Broker	Date	VIP GGR forecast (%)			
		4Q19	CY19	CY20	CY21
BAML	7-Oct-19	(21.0%)	(18.0%)	(2.9%)	
Citi	10-Oct-19	(23.0%)	(17.0%)	(17.0%)	13.0%
Credit Suisse	23-Oct-19	(20.5%)	(17.2%)	2.0%	7.6%
Goldman Sachs	17-Oct-19	(27.9%)	(14.9%)	1.9%	4.8%
JP Morgan	4-Dec-19	(23.0%)	(18.6%)	(2.0%)	0.0%
Macquarie	10-Oct-19	(23.0%)		(3.0%)	
Morgan Stanley	15-Nov-19	(27.2%)	(19.6%)	(12.5%)	14.1%
UBS	13-Sep-19		(18.5%)	(5.0%)	4.5%
<b>Average</b>		<b>(24.2%)</b>	<b>(17.7%)</b>	<b>(4.8%)</b>	<b>7.3%</b>

*Similarly, S&P expects Macau VIP GGR to be between (5)% to +5% in 2020, driven by tight liquidity conditions in China, lingering overhangs from the US-China trade war, and increased regional competition for VIP players*

*“November GGR has disappointed slightly so far... VIP GGR is estimated to be down 31-33%”*

**Credit Suisse**  
18 November 2019

*“VIP players have historically avoided Macau during Xi’s visits to either SAR, presenting headwinds to GGR. In December, Xi is already scheduled to visit Macau for the SAR’s 20th anniversary and the base case for many investors is monthly GGR -10% YoY or worse”*

**Macquarie**  
1 November 2019

*“As visibility on China macro is still low, we forecast -3% decline in VIP for 2020 marked by a 11% decline in 1H then a 6% rebound in the 2H”*

**Bank of America Merrill Lynch**  
7 October 2019

*“Just as most casino operators are hopeful of seeing VIP GGR recovery in 2020, we also see scope for potential upside to our and consensus’ flattish VIP GGR forecasts arising from (1) gaming demand recovery from Chinese on potentially better macro backdrop; (2) junkets turning less aggressive in diverting volume to other Asian markets after the “proxy betting” incident and with fewer new casino supply across the region...”*

**Goldman Sachs**  
14 November 2019

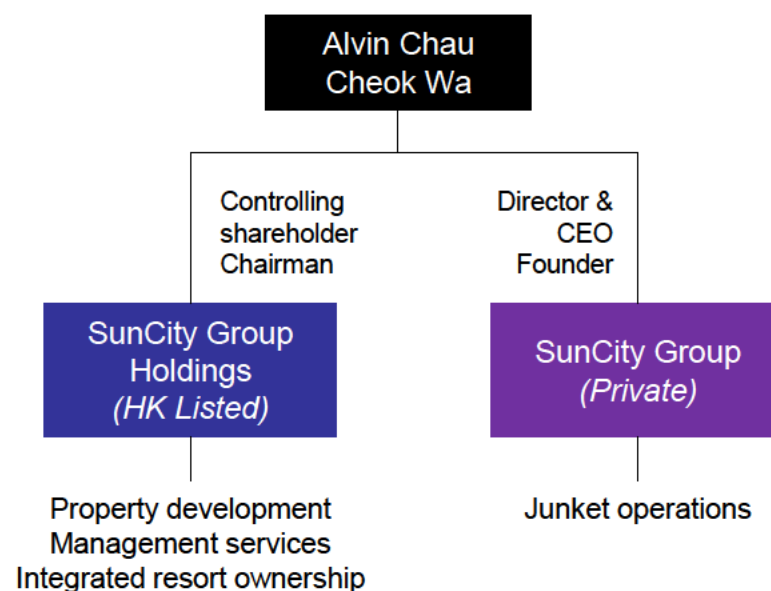
# SunCity – implications of vertical integration?

SunCity has recently been expanding into the direct ownership and operation of casinos in the Asian region. This is being viewed as a downside risk to VIP volumes for existing operators across the region as SunCity will be economically incentivized to direct VIP volumes to these casinos

## Overview of casino investments

- SunCity Group Holdings (ListCo) is involved in property development, hotel and integrated resort management and consultancy services and travel agency services
- ListCo has been expanding its interests into the direct ownership and operation of integrated resorts across Asia
- In August 2018, ListCo acquired a c.34% interest in the Hoiana Resort in Vietnam, and entered into a management agreement to operate the casino in May 2019
  - Opening in 1H2020, Phase I of the project includes 1,000 hotel rooms, a casino with 140 gaming tables and over 300 slot machines, and a golf course
- In April 2019, ListCo increased its interest in Summit Ascent Holdings, an entity which holds a 60% interest in the Tigre de Cristal integrated resort in Vladivostok, to c.27.9%
  - comprised of a 121 room 5-star hotel and a casino with about 30 VIP gaming tables, 35 mass gaming tables and 340 slot machines, with further plans to expand the gaming area and non-gaming facilities
- In October 2019, ListCo acquired a majority stake in Suntrust, an entity which plans to co-develop and operate a five-star hotel and casino in Manila
- ListCo has also signed a memorandum of understanding with Paradise Co. on a possible co-operation on Paradise's casino in Busan, Korea, and has acquired land in Japan to develop a hotel (without gaming facilities)

## Corporate Structure



*SunCity has also reportedly stated an intention to bid for a concession in Macau should the opportunity arise, albeit these ambitions may have been impacted by the recent online gambling allegations, whilst it also has plans to bid for an integrated resort licence in Japan*



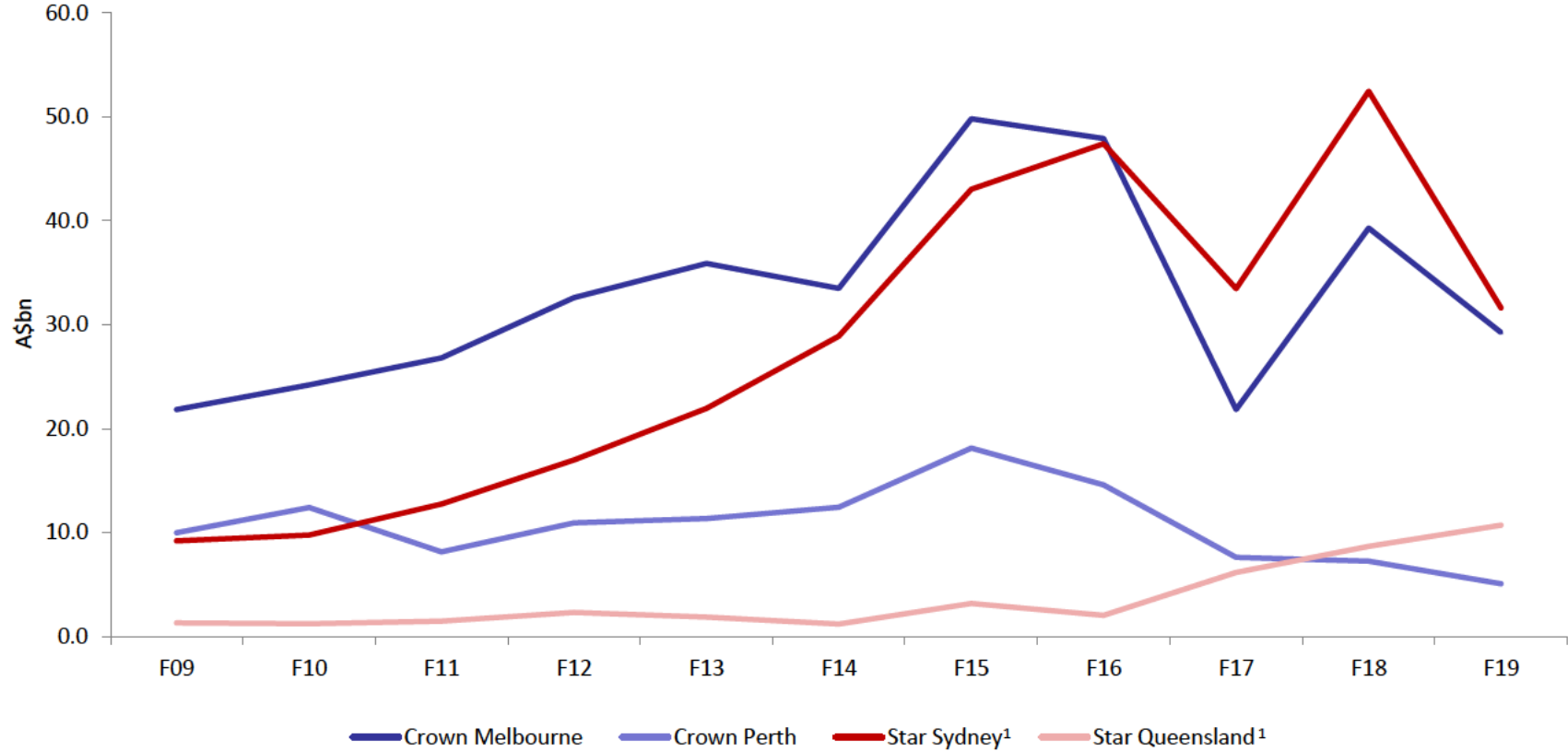
**Section 4**

**Australian VIP market**

# Australian international VIP turnover

During F19, the Star’s international VIP business generated \$42.4bn in turnover whilst Crown generated \$34.4bn. Since F16, The Star has generated more international turnover than Crown

**Crown and The Star’s international VIP turnover**

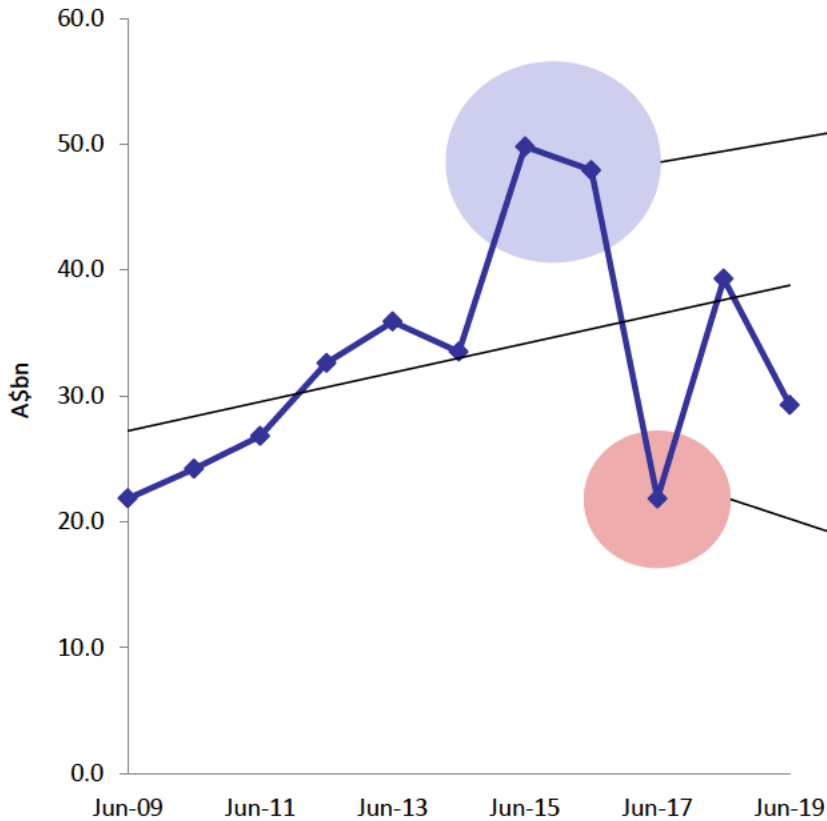


Note:  
 1 Includes domestic rebate revenue prior to F12

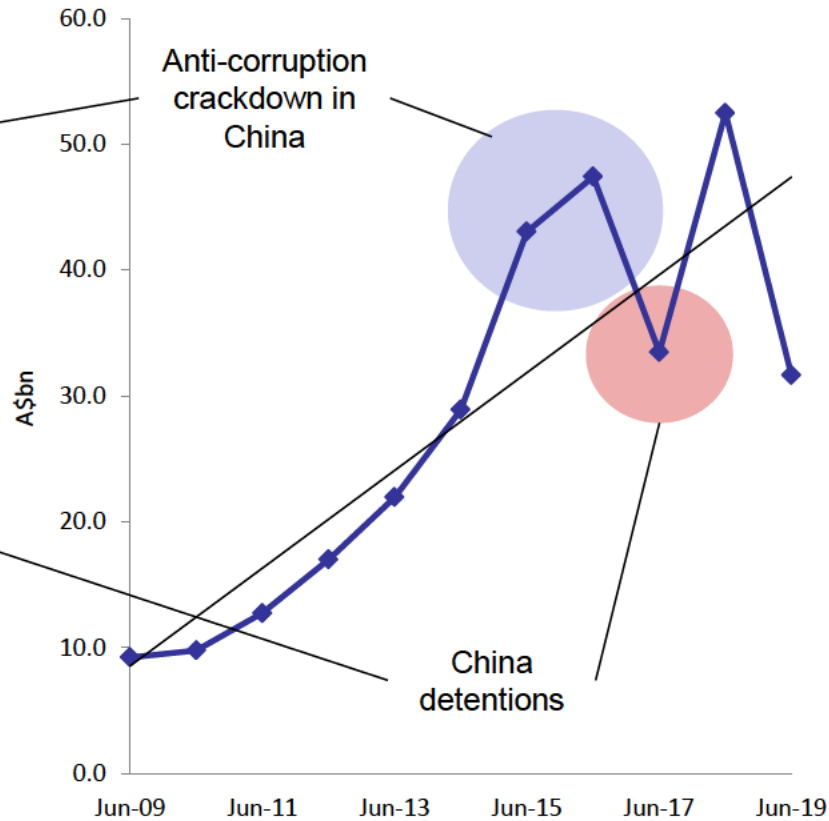
# Australian international VIP turnover

Crown’s and The Star’s international VIP businesses have shown increasing volatility in turnover, driven by external events impacting both international VIP business

**Crown Melbourne international VIP turnover**



**Star Sydney international VIP turnover<sup>1</sup>**



Note:  
1 Includes domestic rebate revenue prior to F12

# Australian VIP market – Recent performance

The Star and SkyCity’s recent trading updates were stronger than Crown’s



**Trading update**

For the period 1 July to 21 October:

- Volumes up vs the pcp
- Front money flat on pcp
- Low actual win rate

For the period 1 July to 3 November:

- Turnover of \$4bn, down 10% vs strong pcp
- Above theoretical win rate of 1.50%

**Market intelligence**






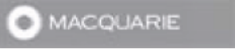

- Volumes to start the financial year impacted by one significant player who generated significant turnover
- Excluding this player, volumes would have been down c.20%
- Have been chasing business through commissions rates (particularly to attract players to the Gold Coast)

- Finding it a challenging market to attract larger players to their properties

## Australian VIP market – Outlook

Analysts expect Crown to underperform the Star during the 2020 financial year, with the recent negative press believed to be having an impact on the performance of Crown's international VIP business

### F20 turnover estimates

	F20 turnover assumptions		
	Crown	The Star	Total
	(26%)	(2%)	(13%)
	(27%)	7%	(9%)
	(24%)		
	(25%)	1%	(12%)
	(25%)		
	(11%)	(7%)	(9%)
	(24%)		
<b>Consensus</b>	<b>(23%)</b>	<b>0%</b>	<b>(11%)</b>

### Analyst commentary

- Remain cautious on the Australian VIP market near term given softness in the global market
- Crown's business has likely been impacted by recent negative press and regulatory uncertainty
- The Star's performance was solid to begin the financial year, although it may have benefitted from low actual win rates with front money flat
- Analysts expect second half to remain challenging, albeit the decline in turnover is expected to moderate given easier comps
- Expect growth to return to the industry in F21, alongside a recovery in Macau VIP volumes
- Crown is more leveraged than the Star to a potential recovery in the VIP market due to the opening of Crown Sydney





## **Section 5**

**Review of Crown's VIP Program Play business**

## VIP Program Play business – SWOT analysis

Crown's VIP Program Play business has a long reputation for high quality service levels and facilities. However, Crown is operating in an increasingly competitive industry in an environment where marketing activities and funds transfers are becoming increasingly restrictive

### Strengths

- Highly experienced sales team
- Reputation for high-quality service
- World-class facilities located in attractive tourist destinations (in particular Melbourne and Sydney)

### Opportunities

- Opening of Crown Sydney
- Operating partnership with Melco (subject to the current suitability process)
- Refocus on premium direct market (particularly the lower end)

### Weaknesses

- Marketing protocol restrictions relative to competitors
- Lack of proximity to core patron markets
- High commission rates / price takers
- Difficulty in transferring funds to Australia

### Threats

- Increased competition (domestically and globally)
- Uncertain impact from inquiries (reputation / increased regulation)
- Tightening AML regulations / closure of bank accounts
- Junket structure in Macau

## Australian Resorts VIP Program Play contribution

Crown's VIP Program Play business generated peak contribution of over \$160 million in F15. Whilst the VIP Program Play business has been breakeven for the first four months of the 2020 financial year, given the strong win rate, the business has been a meaningful contributor at actual

### Australian Resorts VIP Program Play business – Contribution

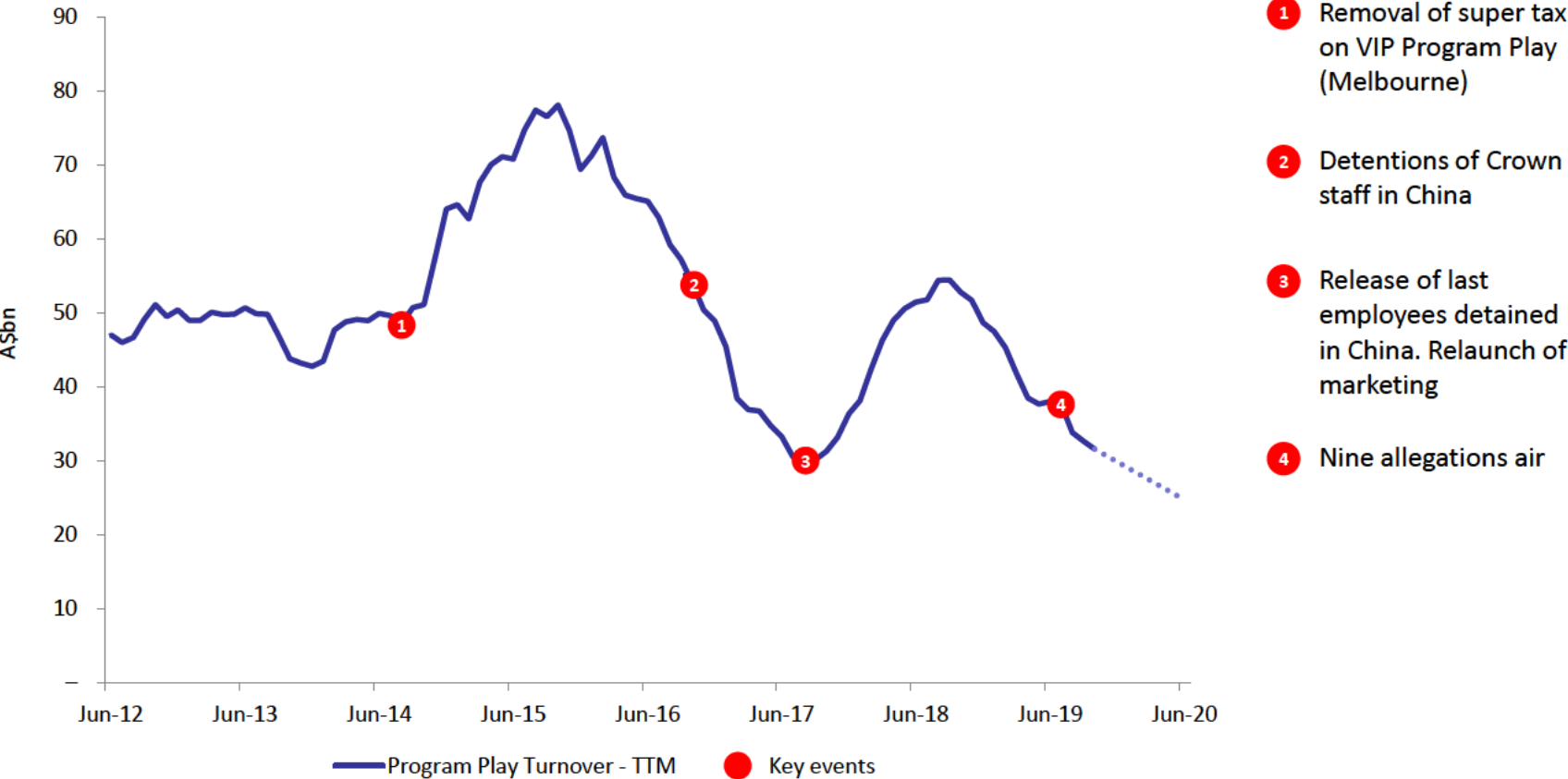
	F12	F13	F14	F15	F16	F17	F18	F19	Oct-YTD	Oct-YTD annualised
A\$m	@1.35%	@1.35%	@1.40%	@1.40%	@1.40%	@1.40%	@1.40%	@1.40%	@1.40%	@1.40%
<b>Turnover</b>										
- Melbourne	35,631	38,903	37,126	52,342	50,110	25,210	43,839	32,700	6,577	19,730
- Perth	11,427	11,804	12,821	18,469	15,020	8,099	7,632	5,331	1,678	5,034
<b>Program Play turnover</b>	<b>47,058</b>	<b>50,707</b>	<b>49,947</b>	<b>70,811</b>	<b>65,130</b>	<b>33,309</b>	<b>51,471</b>	<b>38,031</b>	<b>8,255</b>	<b>24,764</b>
<b>Normalised contribution</b>										
- Melbourne	61.1	63.7	75.2	150.2	127.3	44.0	99.7	61.3	(0.4)	(1.1)
- Perth	3.9	3.1	3.5	10.4	3.2	3.4	10.3	1.9	1.3	3.8
<b>Normalised contribution</b>	<b>64.9</b>	<b>66.8</b>	<b>78.8</b>	<b>160.5</b>	<b>130.4</b>	<b>47.4</b>	<b>110.0</b>	<b>63.2</b>	<b>0.9</b>	<b>2.7</b>
<b>Actual contribution</b>										
- Melbourne	114.7	64.1	91.3	113.2	100.2	18.0	25.6	75.6	46.0	
- Perth	48.5	3.1	72.6	52.3	24.4	12.8	(20.1)	22.5	5.7	
<b>Actual contribution</b>	<b>163.1</b>	<b>67.3</b>	<b>163.8</b>	<b>165.5</b>	<b>124.7</b>	<b>30.8</b>	<b>5.5</b>	<b>98.1</b>	<b>51.7</b>	
<b>Win rate</b>										
	1.58%	1.35%	1.65%	1.56%	1.42%	1.65%	1.29%	1.42%	2.31%	

Since F12, the VIP Program Play business has generated actual contribution of \$871m, above the normalised result of \$723m

# Australian Resorts Program Play turnover

Crown generated peak Program Play turnover (on a rolling 12 month basis) of \$78.1 billion in October 2015. Post the detentions of Crown staff in China, Program Play turnover hit a low of \$30.2 billion (which was above annualised F20 YTD turnover of c.\$25 billion)

## Australian Resorts – International & Interstate Program Play Turnover (rolling 12 months)

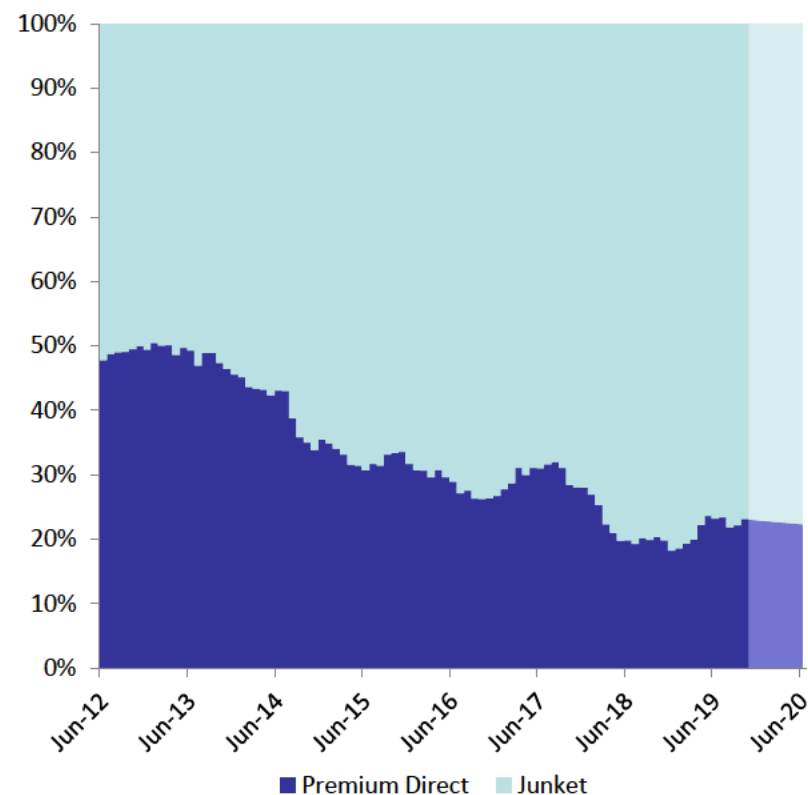
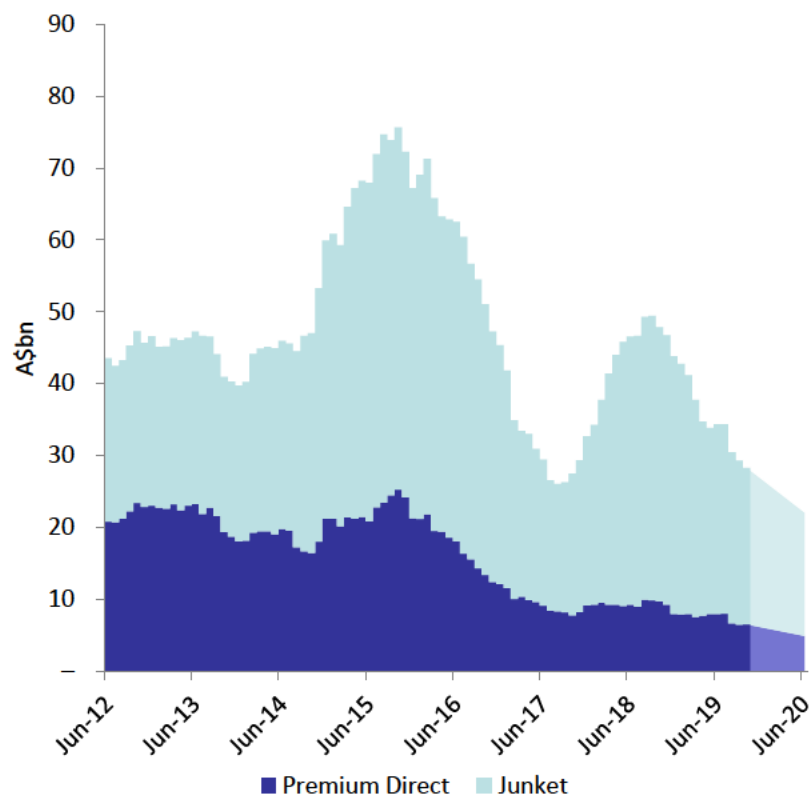


Note:  
 1 Dashed line assumes October YTD results are annualised for a full 12 months

# International turnover – Mix of business

The level of premium direct turnover has been in decline since late 2015, whilst the relative importance of turnover from junkets has been increasing since late 2013 (prior to the business restructuring). Since F17, approximately 80% of International VIP turnover has been generated by junket operators

## Australian Resorts – International Program Play Turnover (rolling 12 months)



Note:  
1 Light shading assumes October YTD results are annualised for a full 12 months

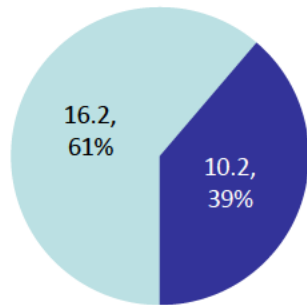
6

# International turnover – Customer concentration

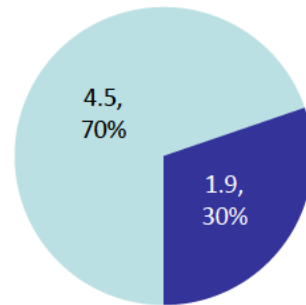
Volumes are concentrated within a small number of junkets and a small number of key players. A loss of any key junket or key player is difficult to replace

## International VIP junket turnover

F19



F20 YTD



■ Top 5 ■ Others

## Top 5 junkets

	F19		F20 YTD <sup>1</sup>	
	\$bn	%	\$bn	%
SunCity	4.3	16%	1.6	25%
Song	3.8	14%	0.5	8%
Meg Star	3.1	12%	0.7	11%
Jianmin Wu	3.1	12%	1.3	20%
Sixin Qin	1.8	7%	0.4	6%
<b>Top 5</b>	<b>16.2</b>	<b>61%</b>	<b>4.5</b>	<b>70%</b>
Others <sup>2</sup>	10.2	39%	1.9	30%
<b>Total turnover</b>	<b>26.4</b>		<b>6.4</b>	

## International VIP key players

- Represents international VIP turnover based on individual key players within a junket or premium players
- 6 of the top 10 patrons from F19 have yet to return in F20

	F19		F20 YTD <sup>1</sup>	
	\$bn	%	\$bn	%
Top 10	9.2	27%	2.1	27%
Others	12.1	73%	8.0	73%
<b>Total turnover</b>	<b>34.3</b>		<b>8.1</b>	

Notes:

1 As at 15 November YTD

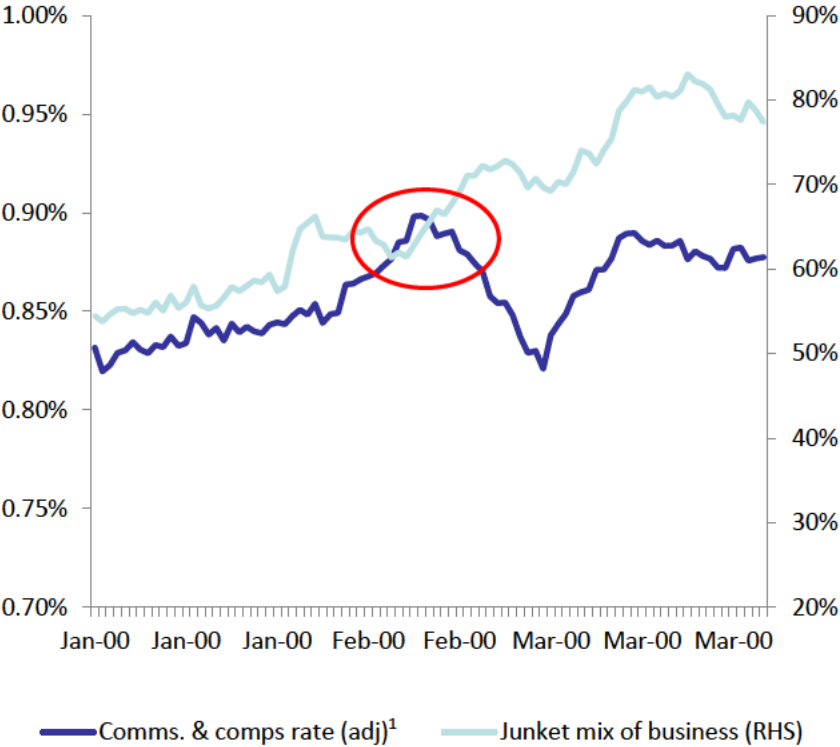
2 Comprised of 48 junkets in F19 and 37 junkets in F20 YTD

# International VIP commission rates

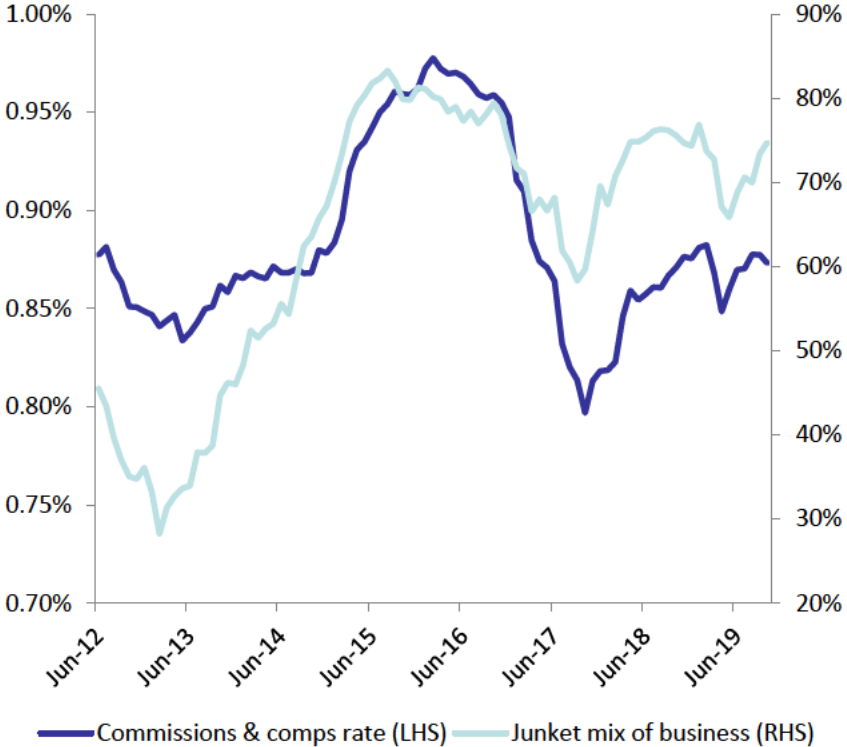
The increase in commissions in Melbourne during F16 was the result of 70%+ rebate on win loss programs, which were subsequently phased out. Perth commissions have largely tracked the mix of junket business

## International VIP commission and comp rate (rolling 12 months)

**Crown Melbourne**



**Crown Perth**



Note:  
1 Adjusted for games mix

## Australian Resorts VIP Program Play – Overhead costs

Whilst a number of overhead costs were stripped out of the business during F17, the Program Play business retains a high level of overhead costs (c.\$95m) resulting in high fixed cost leverage to turnover volumes

A\$m	F12 @1.35%	F13 @1.35%	F14 @1.40%	F15 @1.40%	F16 @1.40%	F17 @1.40%	F18 @1.40%	F19 @1.40%	Oct-YTD @1.40%	Oct-YTD annualised @1.40%	F20 Budget @1.40%
<b>International</b>											
- Direct contribution <sup>1</sup>	133.7	138.6	165.1	267.2	239.0	119.2	178.6	135.6	28.2	84.7	148.1
- Overhead costs	(74.2)	(78.4)	(91.7)	(108.1)	(110.0)	(76.8)	(77.0)	(74.3)	(26.6)	(79.9)	(82.3)
<b>Net contribution</b>	<b>59.5</b>	<b>60.2</b>	<b>73.4</b>	<b>159.1</b>	<b>128.9</b>	<b>42.4</b>	<b>101.6</b>	<b>61.4</b>	<b>1.6</b>	<b>4.7</b>	<b>65.8</b>
<b>Interstate</b>											
- Direct contribution <sup>1</sup>	17.4	18.3	21.8	14.7	13.8	20.2	24.7	17.0	4.7	14.1	20.1
- Overhead costs	(12.0)	(11.7)	(16.4)	(13.3)	(12.3)	(15.2)	(16.3)	(15.2)	(5.4)	(16.1)	(15.5)
<b>Net contribution</b>	<b>5.4</b>	<b>6.6</b>	<b>5.3</b>	<b>1.4</b>	<b>1.5</b>	<b>5.0</b>	<b>8.4</b>	<b>1.9</b>	<b>(0.7)</b>	<b>(2.0)</b>	<b>4.6</b>
<b>Total Program Play</b>											
- Direct contribution <sup>1</sup>	151.2	156.9	186.9	281.9	252.7	139.4	203.3	152.7	32.9	98.7	168.3
- Overhead costs	(86.2)	(90.2)	(108.1)	(121.4)	(122.3)	(92.0)	(93.2)	(89.4)	(32.0)	(96.0)	(97.8)
<b>Net contribution</b>	<b>64.9</b>	<b>66.8</b>	<b>78.8</b>	<b>160.5</b>	<b>130.4</b>	<b>47.4</b>	<b>110.0</b>	<b>63.2</b>	<b>0.9</b>	<b>2.7</b>	<b>70.4</b>
<i>Crown Melbourne</i>	61.1	63.7	75.2	150.2	127.3	44.0	99.7	61.3	(0.4)	(1.1)	65.1
<i>Crown Perth</i>	3.9	3.1	3.5	10.4	3.2	3.4	10.3	1.9	1.3	3.8	5.4

Note:

1 Includes provision for doubtful debts

*Since F17, the Perth VIP Program Play business has been largely serviced out of Melbourne*



## International overhead cost detail

An estimated \$23 million in international VIP overhead costs are business allocations which the VIP Program Play business absorbs, most of which would otherwise be borne by the broader business

### International VIP overhead costs<sup>1</sup>

A\$m	F20 Budget	F20 Forecast		Total	Comment
		International costs	Business allocations		
<b>Variable</b>					
<i>Gaming Labour:</i>					
- Mahogany / Pearl Room		-	10.1	10.1	• Allocation of costs related to croupier gaming labour
- Salon		8.9	2.4	11.3	• Allocation of Mahogany and Pearl Room labour
Gaming Labour	24.5	8.9	12.5	21.4	• Allocation rate to international VIP is greater than the actual direct cost of labour in Melbourne
Limousines	1.3	0.9	-	0.9	
<b>Variable costs</b>	<b>25.8</b>	<b>9.8</b>	<b>12.5</b>	<b>22.3</b>	
<b>Fixed</b>					
Gaming and Service labour	14.0	10.4	3.4	13.8	• Includes cost of International VIP team and allocations of gaming management labour (including AMs, ACMs and CMs)
Other Gaming Expenses	3.8	2.3	1.7	4.0	• Includes allocation of certain Mahogany / Pearl Room costs (e.g. cleaning)
Gaming Bar	5.7	3.6	2.0	5.6	• Includes cost of F&B in salons and allocation of Mahogany / Pearl Room costs
Capital Golf Course	3.0	-	3.0	3.0	• Allocation of Capital costs, the majority of which are fixed in nature
Aircraft Operations	4.2	4.9	-	4.9	
Marketing & Events	10.4	8.4	0.4	8.8	• Includes allocation of Crown Marquee cost during Spring Racing Carnival
International Offices	9.5	6.3	-	6.3	
Commercial, Finance & Credit	6.0	4.7	0.4	5.1	• Includes cost of credit team in Melbourne required to service local and interstate customers
<b>Fixed costs</b>	<b>56.5</b>	<b>40.5</b>	<b>10.9</b>	<b>51.4</b>	
<b>Total overheads</b>	<b>82.3</b>	<b>50.3</b>	<b>23.4</b>	<b>73.7</b>	

Note:

1 Refer to pages 49 and 50 for further detail



## **Section 6**

**Crown Sydney VIP business case**

## Crown Sydney – Financial profile

The 'base' case Crown Sydney financial profile presented to the Board of c.\$220m in F23 EBITDA (the first full year post ramp-up) assumes a contribution from international and interstate VIP of \$88 million

Jun y/e; A\$m	<i>"First Full Year"</i>				
	F21	F22	F23 <sup>1</sup>	F24	F25
<b>Turnover</b>					
International VIP	9,440	35,879	40,169	41,374	42,615
Interstate VIP	577	2,234	2,549	2,677	2,811
<b>Total turnover</b>	<b>10,016</b>	<b>38,113</b>	<b>42,718</b>	<b>44,051</b>	<b>45,426</b>
<b>Revenue</b>					
International VIP	132.2	502.3	562.4	579.2	596.6
Interstate VIP	8.1	31.3	35.7	37.5	39.4
Local VIP	86.0	333.4	380.5	399.5	419.5
Hotel and other <sup>2</sup>	60.1	178.2	218.0	225.5	232.1
<b>Total revenue</b>	<b>286.3</b>	<b>1,045.2</b>	<b>1,196.6</b>	<b>1,241.7</b>	<b>1,287.5</b>
<b>Contribution</b>					
International VIP	13.4	68.5	80.1	82.0	84.0
Interstate VIP	1.7	7.1	8.2	8.6	9.0
Local VIP	31.4	126.2	145.2	152.5	160.3
Hotel and other <sup>2</sup>	18.4	55.4	71.2	73.7	75.9
<b>Total contribution</b>	<b>64.9</b>	<b>257.1</b>	<b>304.6</b>	<b>316.8</b>	<b>329.3</b>
<i>% margin</i>	<i>22.7%</i>	<i>24.6%</i>	<i>25.5%</i>	<i>25.5%</i>	<i>25.6%</i>
Support departments	(31.5)	(80.9)	(83.8)	(87.0)	(89.8)
<b>EBITDA</b>	<b>33.4</b>	<b>176.2</b>	<b>220.8</b>	<b>229.9</b>	<b>239.5</b>
<i>% margin</i>	<i>11.7%</i>	<i>16.9%</i>	<i>18.5%</i>	<i>18.5%</i>	<i>18.6%</i>

Notes:

- 1 Assumes the casino opens on 11 February 2021, with the first full year of operation the third year post opening (F23)
- 2 'Hotel and other' includes hotel, pool & spa, restaurants, bars and retail

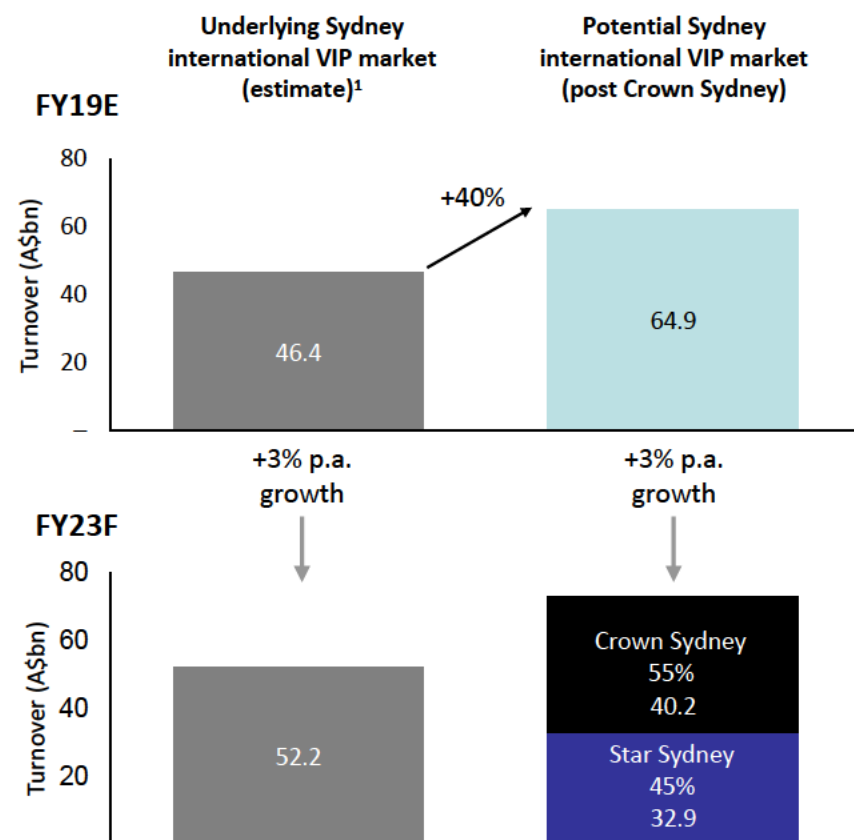
## Crown Sydney VIP Program Play – ‘Base’ case

In order to achieve \$88 million in contribution, the Crown Sydney model assumes c.\$40 billion in turnover in F23 and overhead costs of c.\$75 million

### VIP Program Play

Jun y/e; A\$m	F21	F22	F23
<b>Turnover</b>			
International VIP	9,440	35,879	40,169
Interstate VIP	577	2,234	2,549
<b>Total turnover</b>	<b>10,016</b>	<b>38,113</b>	<b>42,718</b>
<b>Total revenue</b>	<b>140.2</b>	<b>533.6</b>	<b>598.1</b>
<b>Direct contribution</b>			
Gaming tax	(14.0)	(53.4)	(59.8)
Commissions & comps	(83.4)	(317.3)	(355.7)
Bad debts	(4.6)	(17.6)	(19.7)
<b>Direct contribution</b>	<b>38.2</b>	<b>145.2</b>	<b>162.9</b>
<b>Total overheads</b>	<b>(23.0)</b>	<b>(69.7)</b>	<b>(74.6)</b>
<b>EBITDA</b>	<b>15.1</b>	<b>75.5</b>	<b>88.3</b>
<b>% margin</b>	<b>10.8%</b>	<b>14.2%</b>	<b>14.8%</b>

### Sydney international VIP market – methodology



Note:

1 Assumes the Sydney international VIP market is sized at \$45 billion in F18 (underlying estimate) grown at 3%

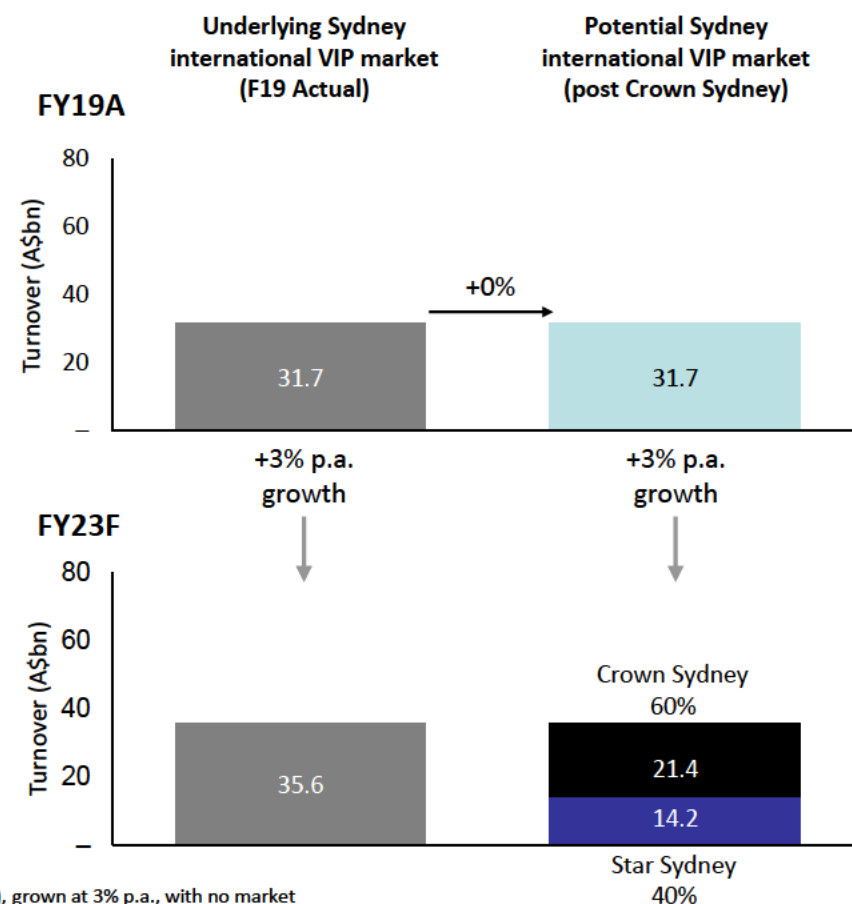
# Crown Sydney VIP Program Play – ‘Downside’ scenario

An illustrative ‘downside’ scenario for the VIP Program Play business, which assumes Crown Sydney captures a 60% market share of the existing Sydney international VIP market<sup>1</sup>, suggests Crown could generate c.\$25 billion in turnover in F23 and c.\$30 million in contribution

## VIP Program Play

Jun y/e; A\$m	F21	F22	F23
<b>Turnover</b>			
International VIP	5,023	19,091	21,374
Interstate VIP	524	2,031	2,318
<b>Total turnover</b>	<b>5,547</b>	<b>21,122</b>	<b>23,691</b>
<b>Total revenue</b>	<b>77.7</b>	<b>295.7</b>	<b>331.7</b>
<b>Direct contribution</b>			
Gaming tax	(7.8)	(29.6)	(33.2)
Commissions & comps	(46.0)	(175.2)	(196.5)
Bad debts	(2.5)	(9.4)	(10.5)
<b>Direct contribution</b>	<b>21.4</b>	<b>81.5</b>	<b>91.5</b>
<b>Total overheads</b>	<b>(20.2)</b>	<b>(59.1)</b>	<b>(62.6)</b>
<b>EBITDA</b>	<b>1.2</b>	<b>22.4</b>	<b>28.8</b>
<b>% margin</b>	<b>1.5%</b>	<b>7.6%</b>	<b>8.7%</b>

## Sydney international VIP market – methodology



Note:

- 1 Assumes the Sydney international VIP market is sized off the Star's F19 actual turnover (\$31.7 billion), grown at 3% p.a., with no market uplift post the opening of Crown Sydney

## Australian Resorts pro-forma VIP Program Play business

Further work is underway on the fixed cost structure required for Crown's VIP Program Play business post the opening of Crown Sydney. Whilst the Melbourne and Perth businesses are expected to be break-even, by leveraging overhead costs across three properties, the VIP Program Play business is expected to be profitable

### Pro-forma VIP Program Play business (post opening of Crown Sydney)

#### *Crown Sydney 'base' case*

A\$m	Melbourne (F20 forecast)	Perth (F20 forecast)	Sydney (F23 'base')	Synergy	Crown Resorts pro- forma
Turnover	19,050	4,637	42,718		66,406
Direct contribution <sup>1</sup>	71.0	22.6	162.9		256.4
Overheads	(71.0)	(17.5)	(74.6)	2.7	(160.4)
<b>Net contribution</b>	<b>(0.0)</b>	<b>5.1</b>	<b>88.3</b>	<b>2.7</b>	<b>96.0</b>

#### *Crown Sydney illustrative 'downside' case*

A\$m	Melbourne (F20 forecast)	Perth (F20 forecast)	Sydney (F23 'downside')	Synergy	Crown Resorts pro- forma
Turnover	19,050	4,637	23,691		47,379
Direct contribution <sup>1</sup>	71.0	22.6	91.5		185.0
Overheads	(71.0)	(17.5)	(62.6)	7.4	(143.7)
<b>Net contribution</b>	<b>(0.0)</b>	<b>5.1</b>	<b>28.8</b>	<b>7.4</b>	<b>41.3</b>

Note:

1 Includes provision for doubtful debts



## **Section 7**

**Options for Crown's VIP Program Play business**

# Potential scenarios for the VIP Program Play business

Any proposed restructuring of Crown’s VIP Program Play business must consider the impact on Crown Sydney given the proximity to the opening of the property

	<b>A</b> Status quo	<b>B</b> “Low commission” model	<b>C</b> Shut down business
<b>Description</b>	<ul style="list-style-type: none"> <li>Continue to operate business with existing structures in place</li> </ul>	<ul style="list-style-type: none"> <li>Significantly reduce commissions and adopt a ‘drop-in’ business model</li> </ul>	<ul style="list-style-type: none"> <li>Exit market</li> </ul>
<b>Advantages</b>	<ul style="list-style-type: none"> <li>✓ Maintain support structures ahead of Crown Sydney opening</li> <li>✓ Fixed costs shared over larger revenue base</li> <li>✓ Leveraged to improved market conditions</li> </ul>	<ul style="list-style-type: none"> <li>✓ Potential to improve profitability from current levels by significantly reducing cost base and cutting commission levels</li> <li>✓ Improve overall margins of the business</li> </ul>	<ul style="list-style-type: none"> <li>✓ Lowest margin business that creates significant earnings and share price volatility</li> <li>✓ Reduced negative media attention / headlines</li> </ul>
<b>Considerations</b>	<ul style="list-style-type: none"> <li>Large fixed cost base which requires a minimum level of turnover to be profitable</li> <li>Profitability of business under current challenging market conditions – breakeven YTD</li> <li>Negative media and public sentiment towards Crown’s international VIP operations</li> </ul>	<ul style="list-style-type: none"> <li>Uncertain impact on turnover which could result in greater loss of business than anticipated</li> <li>Impact of loss of key personnel on ability to ramp-up Crown Sydney</li> <li>Not all costs are truly variable – some costs will remain in business and will be borne by the broader business</li> </ul>	<ul style="list-style-type: none"> <li>Impact of loss of key personnel on ability to ramp-up Crown Sydney</li> <li>Flow-on impact to local business (e.g. hotel / F&amp;B revenue)</li> <li>Impact on regulatory conditions (e.g. smoking exemptions)</li> <li>Some costs will remain in business and will be borne by the broader business</li> <li>Significant earnings contributor under certain market conditions</li> </ul>



## Illustrative earning scenarios

The VIP Program Play business is currently subsidising other departments for certain overhead cost allocations which would need to be borne by other departments in an illustrative shut down scenario

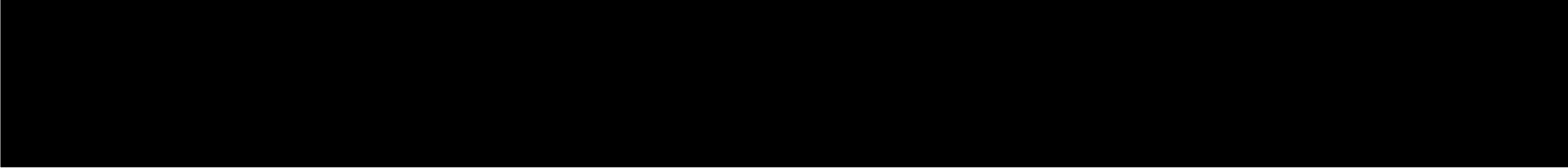
### Illustrative VIP Program Play contribution under alternative scenarios

A\$m	<b>A</b> Status Quo <i>(revised forecast)</i>	<b>B</b> "Low commission" <i>(illustrative)</i>	<b>C</b> Shut down <i>(illustrative)</i>
Turnover	23,687	7,210	–
Direct contribution	93.6	49.8	>0 <sup>1</sup>
<i>Overhead costs</i>			
- Attributable to VIP Program Play business	(65.1)	(19.1)	–
- Business allocations	(23.4)	(23.4)	(23.4)
<b>Net contribution</b>	<b>5.0</b>	<b>7.3</b>	<b>Up to (23.4)</b>

Note:

1 There may be some players who currently come to Crown under a Program who may visit Melbourne for other reasons, and whose play may transition to the main floor

*Whilst it may currently be possible to generate higher returns under a "low commission" model, it could result in a greater loss of business than anticipated and it is also likely to have an impact on the Crown Sydney business case*



---

## Section 8

Management recommendation and revised forecast

## Management recommendation

Management recommends Crown retain the current operational set-up ahead of the opening of Crown Sydney

- Several options have been considered by management, including a revised business model (with a lower commission structure) or a full closure of the VIP business
- These options involve significantly reducing the overhead costs of the VIP business, shortly before the opening of Crown Sydney
  - It would be extremely difficult to replace this loss of expertise prior to the opening of Crown Sydney. Crown Sydney is only c.14 months away from opening, and recent experience has demonstrated an approximately 12 month lead time to fill existing vacancies within the VIP marketing team
  - Further, it may not be economically rational to cut certain costs for a short period (for example, the cost of mothballing the VIP jets would outweigh the relative savings over a short time period)
- There are certain ancillary benefits which the VIP Program Play business provides the broader Crown business
  - Whilst the VIP Program Play business may not be a meaningful contributor on the face of the results, an estimated \$23 million in international VIP overhead costs are business allocations which the VIP Program Play business absorbs, most of which would otherwise be borne by the broader business
  - VIP Program Play visitation also provides valuable customers to other areas of the business (such as local gaming, hotel, F&B and retail on-spend)
  - There are certain regulatory settings which are supported by a substantial level of international play
- Whilst indicative analysis suggests it may currently be possible to generate higher returns under a “low commission” model, this business structure is untested and could result in a greater loss of business than anticipated
- As a result, the recommendation from management is to retain the current operational set-up ahead of the opening of Crown Sydney

## VIP Program Play revised forecast

Based on the revised forecast for F20, the VIP Program Play business is expected to generate c.\$24 billion in turnover, Melbourne is expected to be break-even, whilst Perth is expected to generate a modest profit of c.\$5 million (in both cases at theoretical)

A\$m	F19	F20 Budget	Revised forecast	Variance	
				Budget	Last Year
<b>Turnover</b>					
- Melbourne	32,700	36,377	19,050	(17,327)	(13,650)
- Perth	5,331	4,700	4,637	(63)	(694)
<b>VIP Program Play turnover</b>	<b>38,031</b>	<b>41,077</b>	<b>23,687</b>	<b>(17,390)</b>	<b>(14,344)</b>
<b>Direct contribution</b>					
- Melbourne	132.9	144.7	71.0	(73.8)	(62.0)
- Perth	19.7	23.5	22.6	(0.9)	2.9
<b>Direct contribution</b>	<b>152.7</b>	<b>168.3</b>	<b>93.6</b>	<b>(74.7)</b>	<b>(59.1)</b>
Overhead costs	(89.4)	(97.8)	(88.5)	9.3	0.9
<b>Net contribution</b>					
- Melbourne	61.3	65.1	(0.0)	(65.1)	(61.3)
- Perth	1.9	5.4	5.1	(0.3)	3.1
<b>Net contribution</b>	<b>63.2</b>	<b>70.4</b>	<b>5.0</b>	<b>(65.4)</b>	<b>(58.2)</b>

*The revised forecast factors in c.\$9 million in overhead cost savings primarily associated with reduced labour and on-costs, and reduced marketing and events*

## Crown Resorts revised forecast

Crown is expected to generate EBITDA of c.\$760 million in F20 based on the revised forecast for the VIP Program Play business

A\$m	Current forecast	Adjustment	Revised forecast
Melbourne - Local	550.4		550.4
Melbourne - VIP Program	44.6	(44.7)	(0.0)
<b>Crown Melbourne</b>	<b>595.0</b>		<b>550.3</b>
Perth - Local	225.9		225.9
Perth - VIP Program	4.8	0.3	5.1
<b>Crown Perth</b>	<b>230.6</b>		<b>231.0</b>
Crown Aspinalls	6.4		6.4
Wagering & Online	28.7		28.7
Corporate	(55.9)		(55.9)
<b>Total EBITDA (theoretical)</b>	<b>804.8</b>		<b>760.5</b>

*Based on the acceptance of Management's recommended approach, a full reforecast of F20 NPAT will be undertaken*

## Comparison to analyst consensus

Crown's revised group forecast (at 1.35%) is 2.3% below consensus EBITDA of \$770 million, reflecting the fact that the market has already lowered expectations for Crown's VIP business for the year

Broker	Report Date	Rating	Share Price Target	F20F EBITDA
BAML	24-Oct-19	Buy	\$13.35	\$830m
Citi	17-Nov-19	Neutral	\$12.80	\$792m
CLSA	24-Oct-19	Buy	\$12.83	\$753m
Credit Suisse	13-Nov-19	Neutral	\$12.45	\$739m
Evans & Partners	24-Oct-19	Neutral	\$12.70	\$770m
Goldman Sachs	10-Nov-19	Neutral	\$12.30	\$782m
JP Morgan	24-Oct-19	Neutral	\$11.75	\$755m
Macquarie	29-Aug-19	Neutral	\$11.25	\$777m
Morgan Stanley	1-Sep-19	Neutral	\$11.80	\$780m
MST	24-Oct-19	Buy	\$13.25	\$772m
UBS	24-Oct-19	Neutral	\$11.20	\$722m
<b>Consensus (1.35%)</b>			<b>\$12.33</b>	<b>\$770m</b>
Crown Revised Forecast (1.35%)				\$753m
<i>Crown vs Consensus</i>				<i>(2.3)%</i>
<i>Crown Revised Forecast (1.40%)</i>				<i>\$760m</i>



# Appendix A

Additional information

# Summary of key regulatory changes from China

The VIP market is impacted by key regulatory changes in China

Date	Impact	Overview	Impact on:	
			Macau	Australia
Aug 2019	Junket regulation	• Licensed Macau junkets prohibited from marketing casinos outside of Macau	Neutral	Negative
Aug 2019	Junket regulation	• Licensed Macau junkets prohibited from using Macau to settle VIP gambling services provided elsewhere	Neutral	Negative
Jul 2019	Online gaming	• Chinese crackdown on cross-border online gambling. SunCity accused of illegal proxy betting at its Macau operations	Neutral	Neutral
May 2019	Access to funds	• Increased scrutiny on cross-border flows and revised guidelines issued by SAFE	Negative	Negative
Feb 2019	Access to funds	• Judicial interpretation regulating illegal FX activities and the shadow banking market, with the introduction of prison terms	Negative	Negative
1 Jan 2019	Smoking ban	• Smoking ban imposed on tableside smoking in VIP gaming rooms in Macau	Negative	Neutral
Sep 2018	Visa policy	• Chinese citizens able to apply for a visa to HK, Macau and Taiwan at any immigration department in across the country	Positive	Neutral
Jun 2018	Access to funds	• Withdrawal of UnionPay POS machines by Macau banks from most pawnshops/jewellery stores inside casinos	Negative	Neutral
1 Jan 2018	Access to funds	• Restrictions on Union Pay card overseas ATM cash withdrawals to Rmb100k per person	Negative	Negative
Sep 2017	Access to funds	• Monitoring of overseas transactions on UnionPay cards by SAFE	Negative	Neutral
May 2017	Access to funds	• New KYC procedure for ATM machines in Macau	Negative	Neutral
Dec 2016	Access to funds	• Reduction on per transaction ATM cash withdrawals in Macau (from MOP 10k to 5k)	Negative	Neutral
Nov 2016	Junket regulation	• AML audit by the Financial Action Task Force (FATF) in Macau	Negative	Neutral
May 2016	AML regulation	• Revised AML rules for casinos and junket operators in Macau introduced	Negative	Neutral
May 2016	Junket regulation	• Phone betting banned in Macau	Negative	Neutral
Apr 2016	Junket regulation	• Heightened barriers for new junket operators including raising capital requirements from MOP 100k to MOP 10m	Negative	Negative
Dec 2015	Access to funds	• Launch of a real-time monitoring system over the use of UnionPay cards in Macau	Negative	Neutral
Sep 2015	Access to funds	• Introduction of an annual overseas cash withdrawal cap on UnionPay cards of Rmb 100k per card	Negative	Negative
Sep 2015	Junket regulation	• Requirement for junkets to maintain accounting records and submit monthly financial statements	Negative	Negative
1 Jul 2015	Visa policy	• Relaxation of transit visa policy for Chinese passport holders, with longer length of stay permitted for transit purposes (7 days from 5) and within the re-entry period (2 days from 1) which was reduced to 30 days (from 60)	Positive	Neutral
Feb 2015	Regulation	• Ministry of Public Security commentary that the Government will crackdown on casino marketing activities in China	Negative	Negative
Dec 2014	Visa policy	• Stricter enforcement of transit visas by Zhuhai government	Negative	Neutral
Oct 2014	Smoking ban	• Smoking ban introduced on the main floor of casinos in Macau (excludes VIP rooms)	Negative	Neutral
1 Jul 2014	Visa policy	• Tightening of transit visa policy for Chinese passport holders, with shorter length of stay (from 7 days to 5) and longer re-entry restriction period (from 30 days to 60)	Negative	Neutral
May 2014	Access to funds	• Crackdown on use of illegal UnionPay terminals (i.e. mobile POS machines)	Negative	Neutral
Jun 2012	Access to funds	• UnionPay card issuing banks required to set a Rmb1m daily limit on any transaction	Negative	Negative



# Crown Melbourne – International overhead costs detail

An estimated \$18 million in international VIP overhead costs relate to business allocations in Crown Melbourne

## Crown Melbourne international VIP overhead costs

A\$m	F20 Budget	F20 Forecast		Total	Comment
		International costs	Business allocations		
<b>Variable</b>					
<i>Gaming Labour:</i>					
- Mahogany		–	6.4	6.4	<i>Allocation of costs related to Croupier Gaming Labour:</i> <ul style="list-style-type: none"> <li>• Allocation of Mahogany labour</li> <li>• Allocation of salon labour. Allocation rate to international VIP is greater than the actual direct cost of the labour, with the associated margin equal to \$2.4m</li> </ul>
- Salon		4.4	2.4	6.8	
Gaming Labour	16.0	4.4	8.8	13.2	
Limousines	1.0	0.6	–	0.6	
<b>Variable costs</b>	<b>16.9</b>	<b>5.1</b>	<b>8.8</b>	<b>13.9</b>	
<b>Fixed</b>					
<i>Gaming and Service labour:</i>					
- VIP International Team		6.4	0.2	6.6	<ul style="list-style-type: none"> <li>• Includes allocation of cost associated with the Mahogany receptionists (\$200k)</li> <li>• Allocation of cost of all AMs, ACMs and CMs coded to the Mahogany room and salons (35% to International VIP). True cost of salons is \$1.6m based on rated hours</li> </ul>
- Gaming management		1.6	3.2	4.8	
<b>Gaming and Service labour</b>	<b>11.4</b>	<b>8.1</b>	<b>3.4</b>	<b>11.4</b>	
Other Gaming Expenses	2.5	1.9	0.5	2.4	• Includes allocation of certain Mahogany Room costs (e.g. cleaning and maintenance)
Gaming Bar	4.2	2.5	1.7	4.2	• Includes allocation of Mahogany Room F&B labour
Capital Golf Course	3.0	–	3.0	3.0	• Allocation of Capital costs, the majority of which are fixed in nature
Aircraft Operations	4.2	4.9	–	4.9	
Marketing & Events	7.3	5.4	0.4	5.8	• Includes allocation of Crown Marquee cost during Spring Racing Carnival
International Offices	9.3	6.1	–	6.1	
Commercial, Finance & Credit	6.0	4.7	0.4	5.1	• Credit team (5 FTEs) required to service local and interstate customers
<b>Fixed costs</b>	<b>47.8</b>	<b>33.5</b>	<b>9.3</b>	<b>42.8</b>	
<b>Total overheads</b>	<b>64.7</b>	<b>38.6</b>	<b>18.1</b>	<b>56.7</b>	

# Crown Perth – International overhead costs detail

An estimated \$5 million in international VIP overhead costs relate to business allocations in Crown Perth

## Crown Perth international VIP overhead costs

A\$m	F20 Budget	F20 Forecast		Total	Comment
		International costs	Business allocations		
<b>Variable</b>					
<i>Gaming Labour:</i>					
- Pearl Room		-	3.7	3.7	• Allocation of Pearl Room labour
- Salon		4.4	-	4.4	• Allocation of salon labour
Gaming Labour	8.5	4.4	3.7	8.1	
Limousines	0.3	0.3	-	0.3	• Costs for external limousine charters
<b>Variable costs</b>	<b>8.9</b>	<b>4.7</b>	<b>3.7</b>	<b>8.4</b>	
<b>Fixed</b>					
Gaming and Service labour	2.6	2.3	0.1	2.4	• Credit analyst required to remain
Other Gaming Expenses	1.4	0.4	1.2	1.6	• Includes allocation of certain Pearl Room costs (e.g. cleaning)
Gaming Bar – Pearl Room	1.5	0.1	0.4	1.4	• Allocation of Pearl Room cost
Gaming Bar – Salons		1.0	-	1.0	
Marketing & Events	3.1	3.0	-	3.0	
International Offices	0.2	0.1	-	0.1	
<b>Fixed costs</b>	<b>8.7</b>	<b>6.9</b>	<b>1.6</b>	<b>8.6</b>	
<b>Total overheads</b>	<b>17.6</b>	<b>11.6</b>	<b>5.3</b>	<b>17.0</b>	



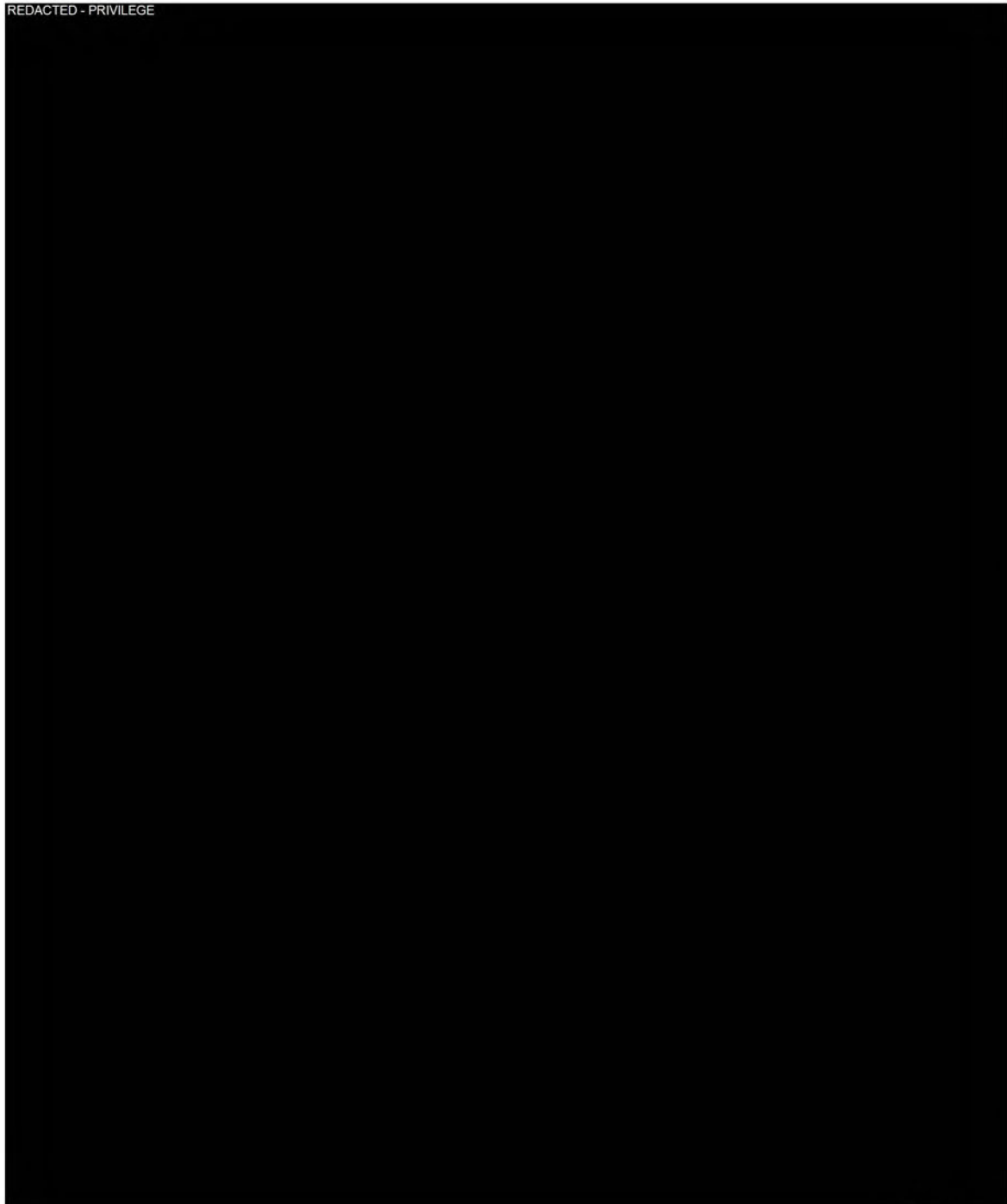
**AGENDA ITEM 7:**  
Litigation Update  
(privileged and confidential)



# Crown Resorts Limited Board Memorandum

PRIVILEGED AND CONFIDENTIAL

REDACTED - PRIVILEGE



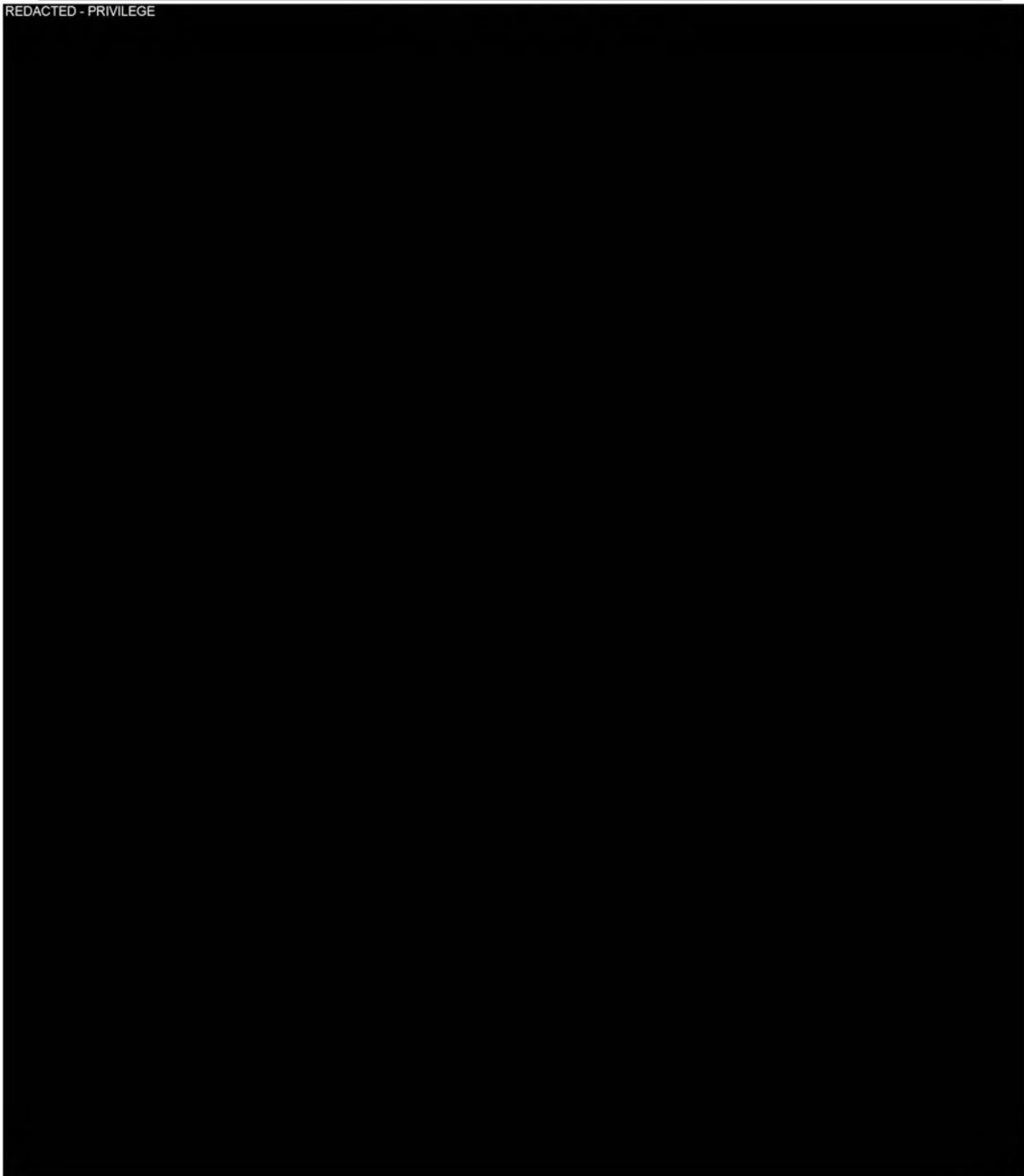
7.1



# Crown Resorts Limited Board Memorandum

PRIVILEGED AND CONFIDENTIAL

REDACTED - PRIVILEGE



7.2

REDACTED - PRIVILEGE



7.2



**AGENDA ITEM 8:**  
China Matter Update



# Crown Resorts Limited

## Board Memorandum

PRIVILEGED AND CONFIDENTIAL

---

**To:** The Board of Directors  
**From:** Mary Manos  
**Date:** 6 December 2019  
**Subject:** **China Matter Update – PRIVILEGED AND CONFIDENTIAL**

---

Dear Directors

Richard Murphy from MinterEllison will provide an update on this matter at the meeting.

Kind regards

Mary Manos  
**General Counsel and Company Secretary**





**AGENDA ITEM 9:**  
Key Development Update



# Crown Resorts

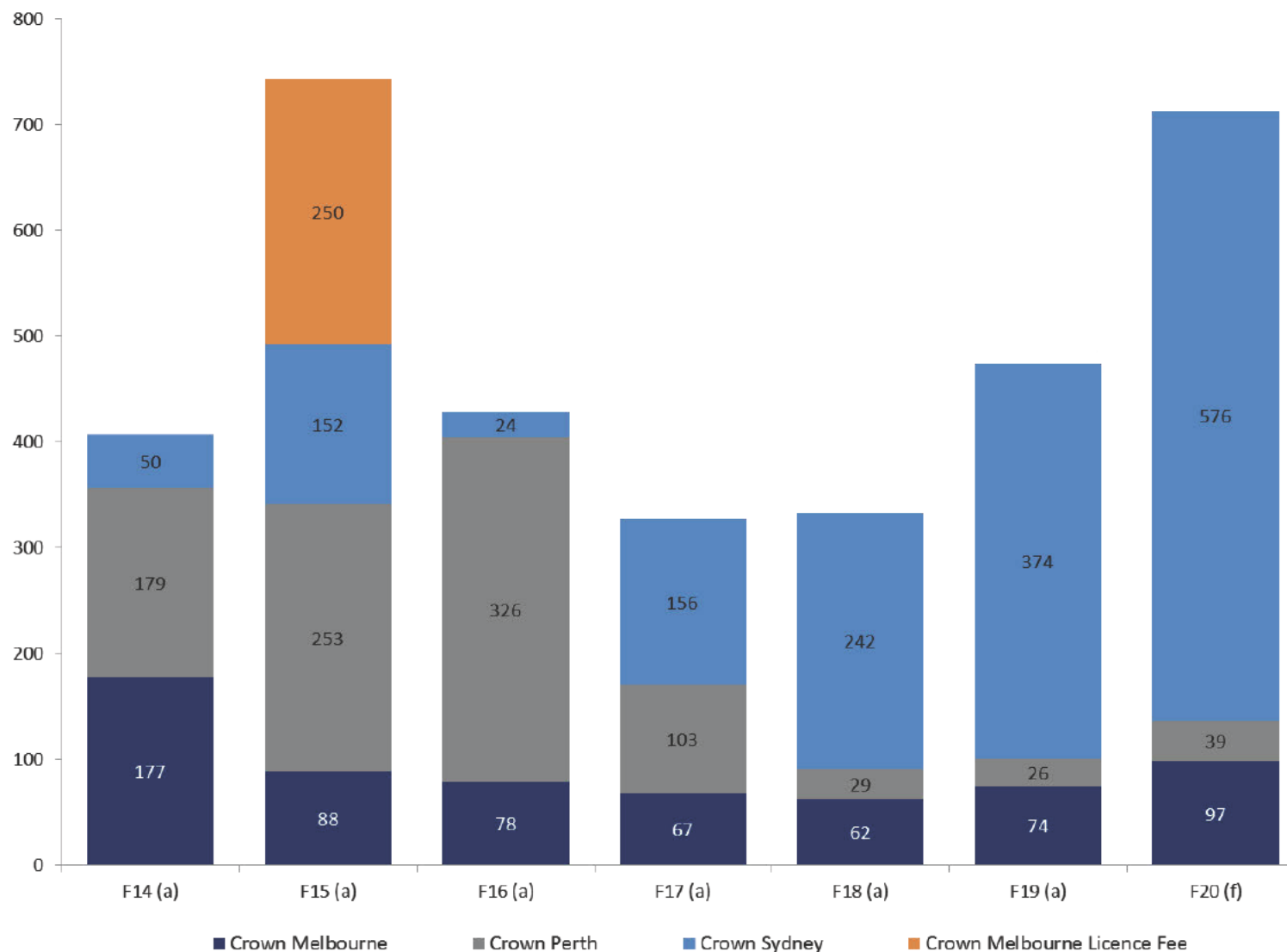
Development Update

12 December 2019

Australia's  
Integrated  
Resort  
Company

# Executive Summary

## Capital Investment Profile



Note: F18 to F20 Sydney Expenditure is net of forecasted apartment sale proceeds (\$28.8m F18, \$49.2m F19, \$28.4m F20)

# Crown Sydney



# Crown Sydney Executive Summary

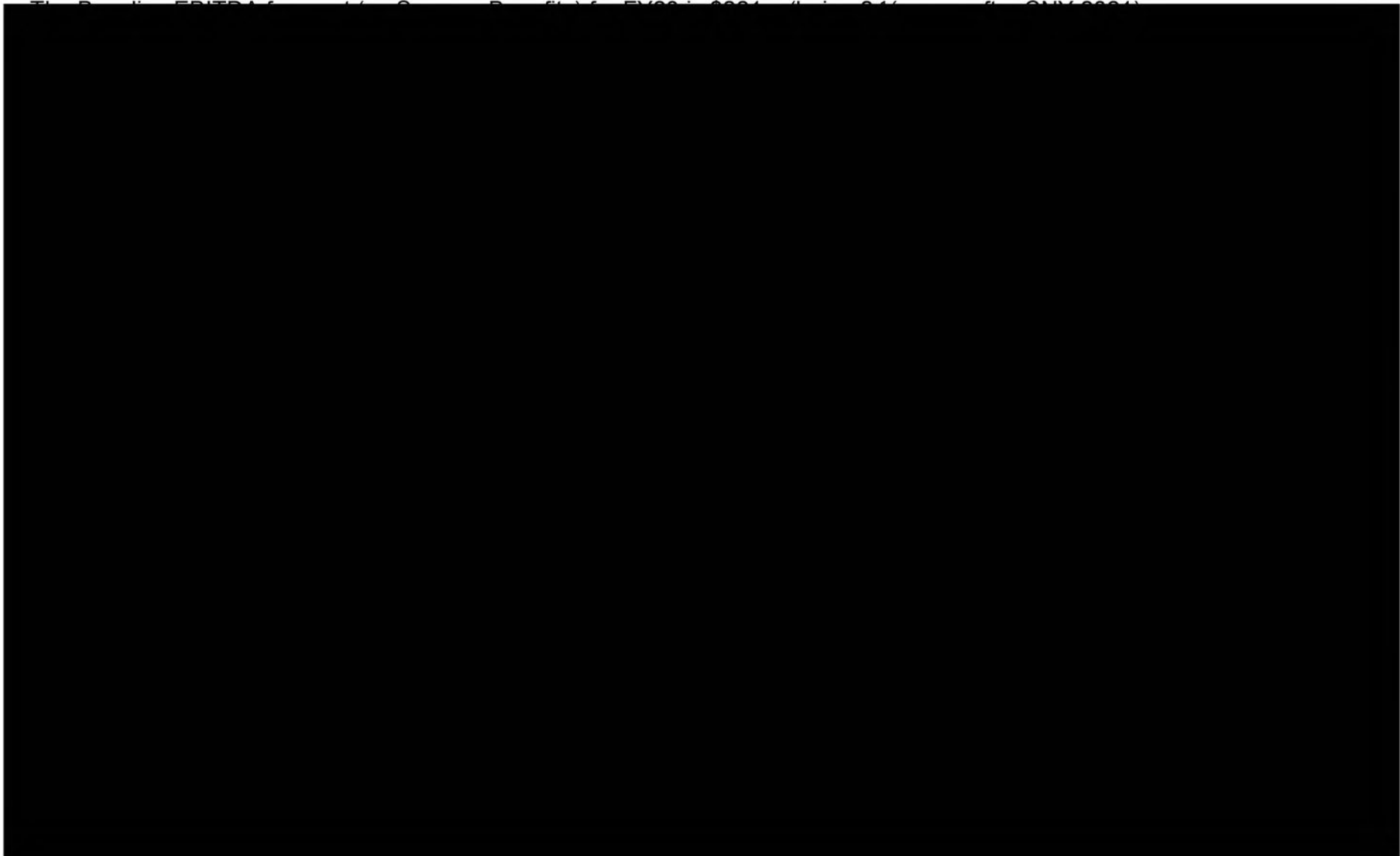


The following is a summary of the key project activities that are underway:



# Crown Sydney

## Current Pro Forma Property Estimate Scenarios



# Crown Sydney

## Crown Residences | Impact of NSW Conveyancing Act Changes



Crown has updated its residential sales contracts and procedures as a result of recent changes to legislation arising under the Conveyancing Legislation Amendment Act 2018 and the Conveyancing (Sale of Land) Amendment Regulation 2019. The changes apply to residential off the plan contracts for sale entered into on and from 1 December 2019 only, and the legislation is not retrospective. The intention of these legislative changes is to provide stronger protections to off the plan purchasers.

The key changes impacting Crown are:

- **Option Fee / Deposit** – As of December 1 any money paid as a deposit or installment must now be retained in trust and cannot be released to the vendor before settlement. Crown has received deposits on sales to date of \$89.9m excluding GST, with a further \$8.6m (ex GST) to be paid on sales contracts entered into before 1 December 2019 (a total of \$98.5m due by 30 June 2020). This change in legislation results in a \$27.1m cash flow shortfall against our existing forecast.

***Not a material impact given the conservative nature of the cash flow forecasts, interest rates, and the early completion timing for the project.***

- **Notice of Changes and Right to Rescind or Claim Compensation** – Service of a Notice of Changes and registered strata plan and documents by Crown may trigger a purchaser's right to rescind the off the plan contract or claim compensation of up to 2% of the purchase price from Crown in circumstances where the change to a Material Particular (significant change to plans, finishes or services which the buyer was promised) means that the purchaser would not have entered into the contract had the purchaser been aware of that change; and the purchaser would be materially prejudiced by the change. Whilst there is still some uncertainty as to how this will be interpreted in practice, this statutory test for whether a purchaser may rescind a contract is more subjective and broader than what was provided in Crown's previous sales contracts.

***This legislative change while significant is a low risk to Crown as we have been very open and transparent with our inclusions in buyer contracts given the high average value of the transactions. This legislation may increase settlement risk if the market deteriorates and buyers are looking for a way out.***

Crown has worked with its legal advisors, Corrs Chambers Westgarth, to update its sales contract documents and procedures to ensure compliance with these legislative changes.

# Crown Sydney

## Residential Sales Update





# Crown Sydney

## Construction Progress | Barangaroo Wharf View



# Crown Sydney

## Construction Overview | Tower



- Structure
  - Main core has cleared Level 63.
  - Slabs have been poured to Level 53
- Façade installation
  - Total glass panels installed – 5,175
  - Install to level 39
  - Hotel mid rise through (Level 24) to be complete and defecting by February 2020
- Podium Fit Out progressing with gaming areas prioritised on levels 1 and 2
- Hotel Fit Out progressing through Levels 6–22
- Sky Gaming Fit Out has begun on Levels 26-27
- Villa Levels Fit Out to begin in earnest after the holiday break to Levels 29-32
- Apartment buildings services installation is underway on Levels 33-37
- The Hotel Resort completion remains on track for 2021 Chinese New Year Grand Opening



# Crown Sydney

## Project Cost Detail | As of 30 November 2019



	Budget	Commitments To Date	Spend To Date	Remaining Spend			
<b>Development Cost</b>							
<b>Lend Lease Building</b>							
Temp & Prelim/Supervision	85.0M	100%	85.0M	69%	58.7M	31%	26.3M
Trade Subcontractors	780.1M	97%	757.5M	77%	600.7M	23%	179.4M
Trade - Remediation works	38.1M	100%	38.1M	100%	38.1M	0%	.0M
Contractor's Fee	35.2M	100%	35.2M	67%	23.5M	33%	11.8M
<b>Sub-Total</b>	<b>938.4M</b>	<b>98%</b>	<b>915.8M</b>	<b>77%</b>	<b>721.0M</b>	<b>23%</b>	<b>217.4M</b>
Lend Lease Shared Basement	15.7M	100%	15.7M	87%	13.7M	13%	2.0M
Escalation / Contingency	154.3M	96%	148.7M	0%	.4M	100%	153.9M
<b>Total Lend Lease Cost</b>	<b>1,108.4M</b>	<b>97%</b>	<b>1,080.2M</b>	<b>66%</b>	<b>735.1M</b>	<b>34%</b>	<b>373.3M</b>
<b>Crown Direct Construction</b>							
Design / Project Mgt	120.8M	100%	120.8M	84%	101.9M	16%	18.9M
FF&E / OS&E / Equipment	170.4M	63%	107.8M	41%	69.7M	59%	100.7M
Landscaping & Site Improvement	31.0M	36%	11.2M	17%	5.2M	83%	25.8M
Pre-Opening / Training / Working Capital	60.0M	5%	2.9M	3%	1.7M	97%	58.3M
Permits / Fee / Insurance	32.8M	27%	8.9M	26%	8.6M	74%	24.2M
Residential Sales / Marketing	35.0M	48%	16.9M	43%	15.0M	57%	20.0M
Legal / Tax	15.0M	96%	14.4M	96%	14.4M	4%	.6M
<b>Sub-Total</b>	<b>465.0M</b>	<b>61%</b>	<b>282.9M</b>	<b>47%</b>	<b>216.5M</b>	<b>53%</b>	<b>248.4M</b>
Contingency / Escalation / Forex	149.4M	83%	124.7M	6%	8.9M	94%	140.5M
<b>Total Crown Direct Cost</b>	<b>614.4M</b>	<b>66%</b>	<b>407.6M</b>	<b>37%</b>	<b>225.5M</b>	<b>63%</b>	<b>388.9M</b>
<b>Indirect Costs</b>							
Gaming Licence / Consulting	130.1M	100%	129.9M	100%	129.9M	0%	.2M
Land	324.3M	100%	324.3M	80%	258.8M	20%	65.5M
Corporate Cost Allocations	23.5M	86%	20.1M	86%	20.1M	14%	3.4M
<b>Total Indirect</b>	<b>477.9M</b>	<b>99%</b>	<b>474.3M</b>	<b>86%</b>	<b>408.8M</b>	<b>14%</b>	<b>69.1M</b>
<b>Sub-Total</b>	<b>2,200.7M</b>	<b>89%</b>	<b>1,962.1M</b>	<b>62%</b>	<b>1,369.4M</b>	<b>38%</b>	<b>831.3M</b>
Reimbursement from BDA (Variations to LLB)	-43.1M				-43.1M		
<b>Sydney Gross Budget (excl. cap int)</b>	<b>2,157.6M</b>	<b>91%</b>	<b>1,962.1M</b>	<b>61%</b>	<b>1,326.3M</b>	<b>39%</b>	<b>831.3M</b>
Total Trade Budget Committed to Date	757.5M						
Value of Total Trade	777.7M						
Percentage of Total Trades Awarded to Date	97%						
Total Trade Escalation/Contingency Committed to Date					148.7M		
Value of Total Trade Escalation / Contingency					154.3M		
Percentage of Trade Escalation / Contingency Used					96%		



# One Queensbridge



# One Queensbridge

## Executive Summary – Status Update



- Crown obtained full ownership of the Queensbridge project site and pre-development work on 8 November 2019.
- As a result of the transaction announcements management has received a number of inquires regarding the possibility of co-developing the site. Interested parties to date and types of developments are as follows:
  - GPT Group – Interested in commercial office opportunity
  - Royal Group – Singapore based developer interested in developing apartments
  - Crown Group – Sydney based developer interested in developing apartments
  - Walker Corporation – Global Developer based in Sydney interested in commercial office opportunity

Discussions with the above parties have been exploratory in nature at this stage with the commercial office opportunity attracting the institutional / better funded capital partners.

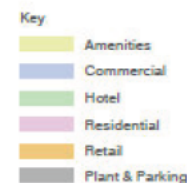
- As advised previously the City of Melbourne Office of Heritage and Urban Strategy has made a recommendation for the building façade of the former Queensbridge Hotel to be heritage listed. Crown has opposed this recommendation and has filed a detailed response with the City of Melbourne. The Planning Panel hearing is scheduled for 11 May 2020 to consider the formal adoption of the Heritage Overlay for the entire Southbank Precinct. As Crown has two parcels affected by this proposal our objective is to work with the City of Melbourne to revise the mapping prior to this hearing.
- The City of Melbourne has advised that visibility on Crown's future plan for the Queensbridge site will be taken into consideration as a part of the revised Southbank Heritage Overlay mapping. Towards this end management is recommending that we advance the market studies and concept design which can be leveraged as a part of a formal planning application for the proposed mixed use development for the site.

# One Queensbridge

## Way Forward



- In response to the interest in the commercial office development opportunity, management is recommending that concept designs and market studies are advanced to support the prospective investor interest in the project. The project site warrants an iconic mixed use project that reinforces Crown Melbourne's position in the city.
- Preliminary plans indicate that the site can support a high quality mixed use development with the following program:
  - 45,000 sqm of Grade A Commercial Office and Retail space
  - Approx. 350 Key Forbes 5-star hotel
  - Approx. 100 Luxury Branded Crown Residences leveraging our experience gained with Crown Sydney
  - Podium level retail aligned with commercial and wellness positioning of the development with a link bridge to Crown Melbourne
  - Approx. 650 car parking spaces
- Initial estimates to prepare the appropriate market studies and concept plans to support a revised planning submission that leverages the prior work on the site is in the order of \$3.0m.





**AGENDA ITEM 10:**  
Capital Management Update



# Crown Resorts Limited

## Memorandum

---

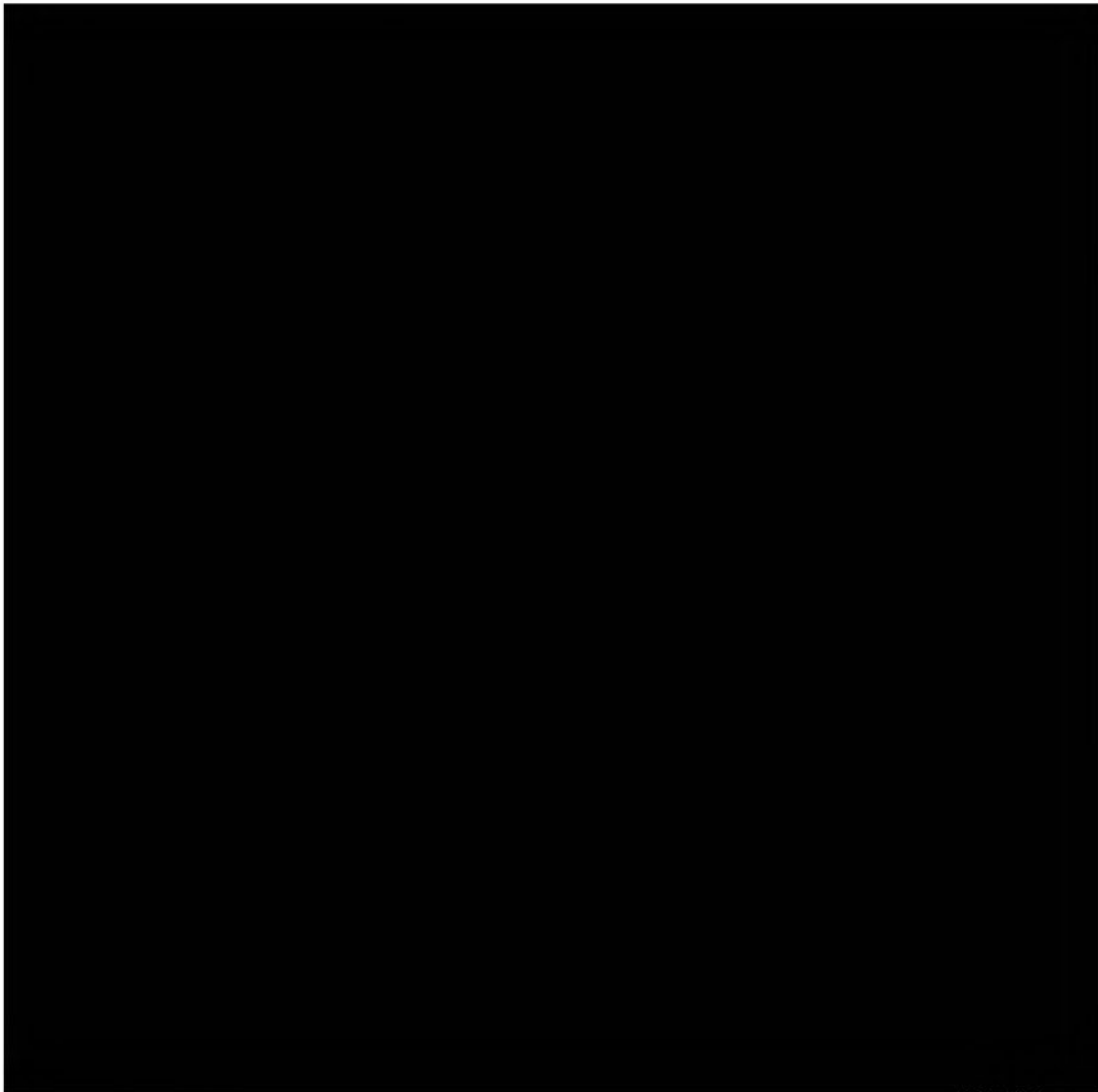
**To:** The Directors of Crown Resorts Limited

**From:** Ken Barton and Alan McGregor

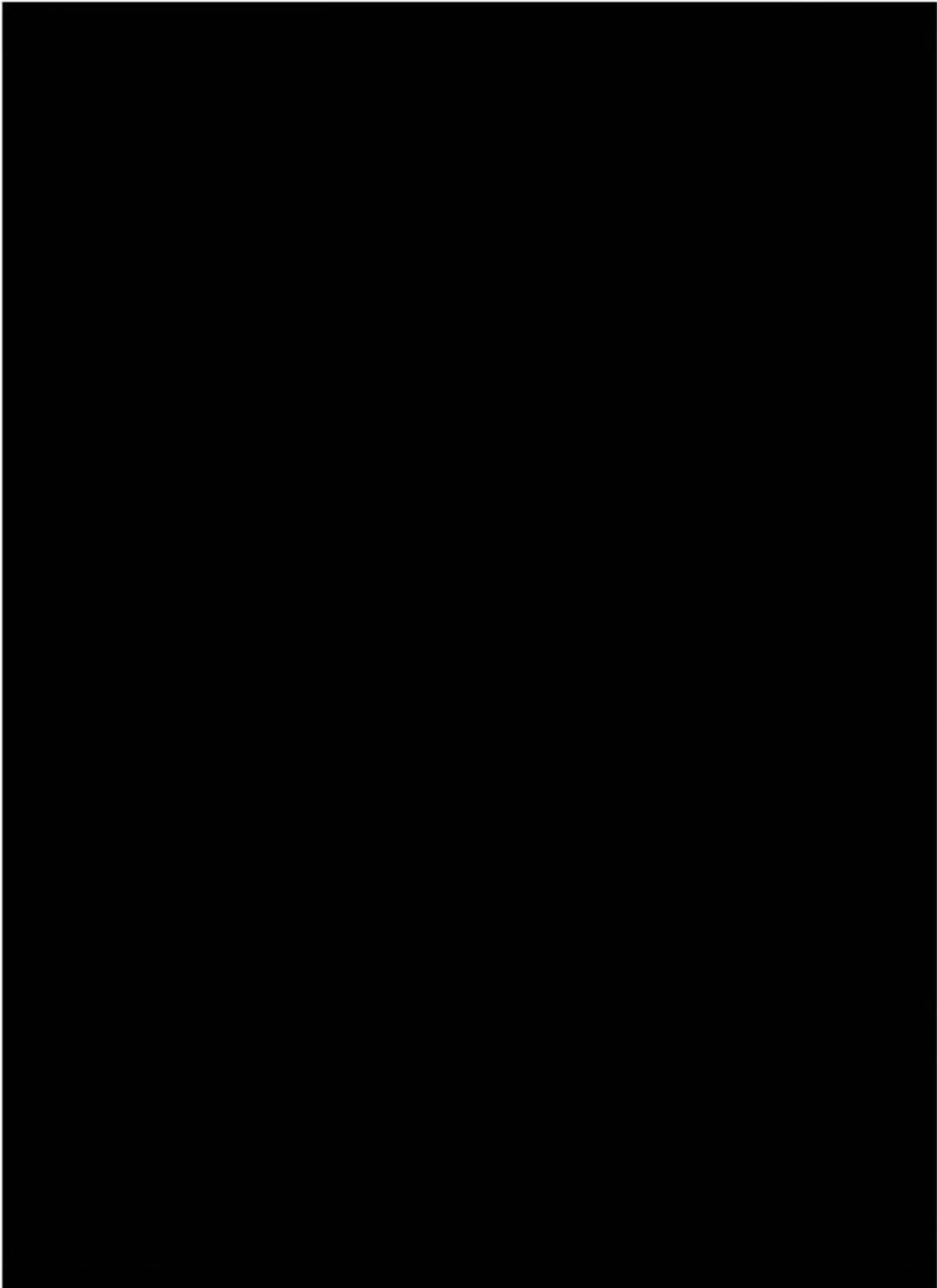
**Date:** 6 December 2019

**Subject:** Capital Management Update

---







CWN\_LEGAL\_184572.1



**Ken Barton and Alan McGregor**



**AGENDA ITEM 11:**  
Investor Relations Report



# Investor Relations Update

*December 2019*



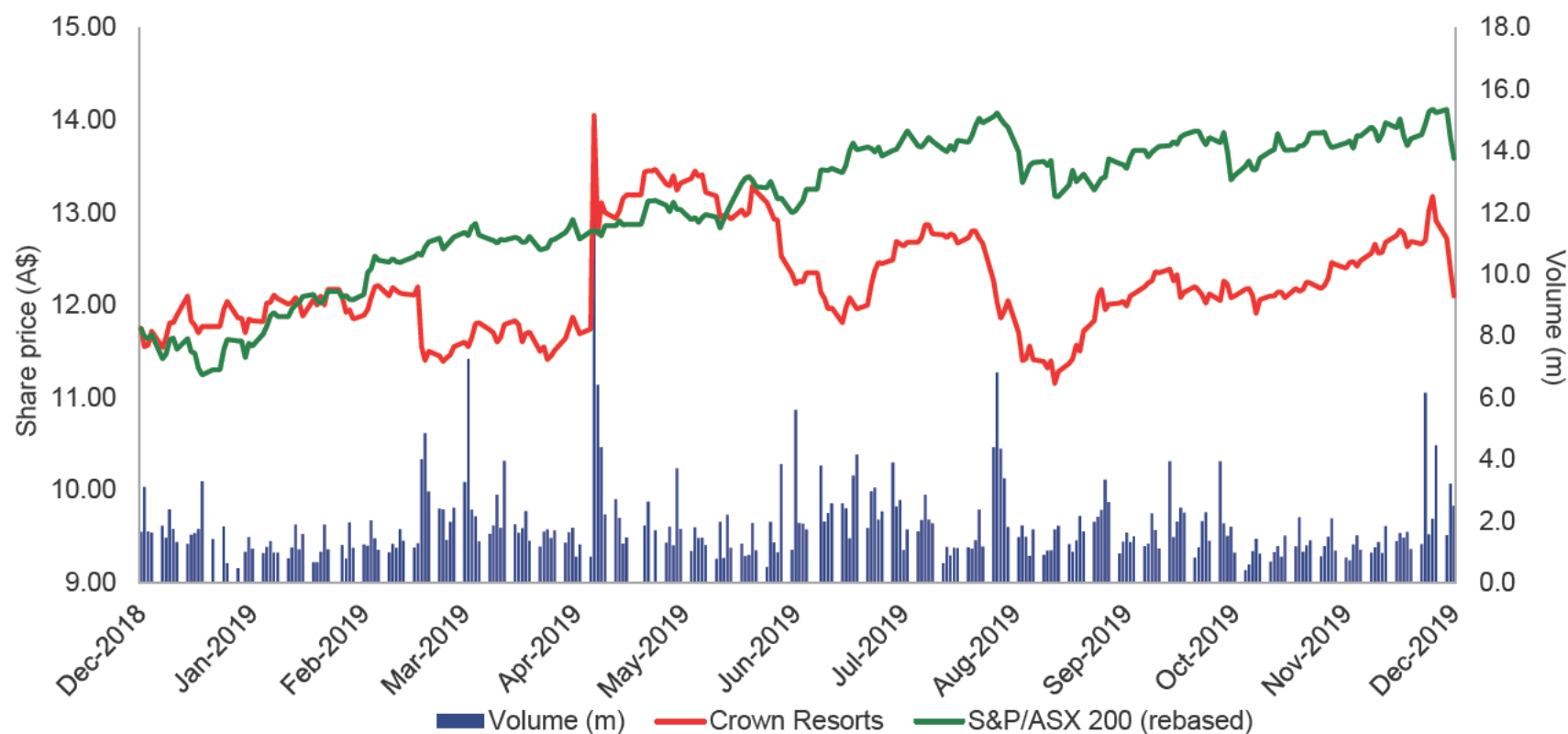
## Executive summary

- Crown's share price closed at \$12.10 on 4 December 2019. Over the last 12 months, Crown's share price increased by 3.0% compared to the S&P/ASX 200 which increased by 15.6%
- On 17 November 2019, Citi initiated coverage on Crown with a \$12.80 price target and neutral rating
- Between 19 September and 25 November 2019, the largest institutional buyers were Perpetual (+6.2m shares) and Jane Street Capital (+1.7m shares), whilst the largest institutional sellers were Schroders (Australia) (-5.9m shares), UBS Securities (-4.3m shares), AllianceBernstein (-2.1m shares) and WaveStone (-1.5m shares)
  - Schroders (Australia) and Wavestone have been reducing their holding over a number of months
  - Wavestone has indicated the reason for their sell-down was an inability to price the current regulatory uncertainty facing Crown. As a result, Wavestone would prefer to remain on the sidelines in the interim
- On 22 October 2019, Perpetual lodged a change in substantial shareholding notice, notifying the market of a 6.08% interest in Crown



# Crown Share Price and Volume

4 December 2018 – 4 December 2019



In the 12 month period to 4 December 2019, Crown Resorts Limited share price increased by 3.0% compared to the S&P/ASX 200 which increased by 15.6%.



# Analyst Consensus

Broker	Report Date	Rating	Share Price Target	FY20F EBITDA	FY20F NPAT
BAML	24-Oct-19	Buy	\$13.35	\$830m	\$404m
Citi	17-Nov-19	Neutral	\$12.80	\$792m	\$374m
CLSA	24-Oct-19	Buy	\$12.83	\$753m	\$341m
Credit Suisse	13-Nov-19	Neutral	\$12.45	\$739m	\$329m
Evans & Partners	24-Oct-19	Neutral	\$12.70	\$770m	\$372m
Goldman Sachs	10-Nov-19	Neutral	\$12.30	\$782m	\$370m
JP Morgan	24-Oct-19	Neutral	\$11.75	\$755m	\$334m
Macquarie	29-Aug-19	Neutral	\$11.25	\$777m	\$363m
Morgan Stanley	1-Sep-19	Neutral	\$11.80	\$780m	\$377m
MST	24-Oct-19	Buy	\$13.25	\$772m	\$369m
UBS	24-Oct-19	Neutral	\$11.20	\$722m	\$331m
<b>Consensus (1.35%)</b>			<b>\$12.33</b>	<b>\$770m</b>	<b>\$360m</b>



# Crown Share Register

## Top 30 shareholders (1)

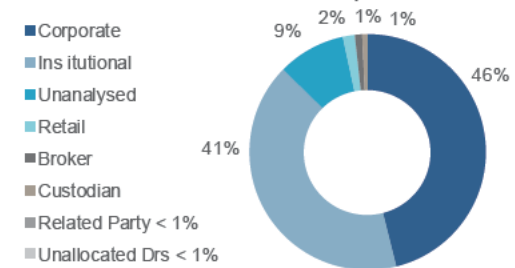
Rank	Name	% S/O	25-Nov-2019	Net Change	19-Sep-2019	31-Jul-2019	16-Nov-2018
1 (1)	Consolidated Press Holdings Pty Ltd (2)	35.89%	243,025,000	0	243,025,000	243,025,000	310,700,000
2 (2)	MCO (Kittyhawk) Investments Limited (2)	9.99%	67,675,000	0	67,675,000	67,675,000	0
3 (3)	Perpetual Investment Management Limited	6.74%	45,649,068	6,212,687	39,436,381	31,582,111	19,630,631
4 (4)	Investors Mutual Limited	2.54%	17,204,011	42,300	17,161,711	17,473,455	14,809,445
5 (5)	Schroder Investment Management Ltd. (S M)	2.08%	14,097,909	31,197	14,066,712	13,294,631	8,799,292
6 (9)	Lazard Asset Management Pacific Company	1.74%	11,809,797	756,894	11,052,903	10,734,174	377,993
7 (6)	BlackRock Institutional Trust Company, N.A.	1.66%	11,241,480	-418,087	11,659,567	11,370,672	11,726,271
8 (10)	Paradice Investment Management Pty. Ltd.	1.58%	10,703,203	67,242	10,635,961	8,250,777	5,764,837
9 (11)	The Vanguard Group, Inc.	1.55%	10,515,068	25,091	10,489,977	10,367,318	9,728,380
10 (8)	Schroder Investment Management (Singapore) Ltd.	1.51%	10,258,205	-884,232	11,142,437	11,009,824	10,089,291
11 (12)	Vanguard Investments Australia Ltd.	1.19%	8,029,340	-697,455	8,726,795	8,738,486	8,084,456
12 (13)	State Street Global Advisors Australia Ltd.	1.13%	7,652,038	115,084	7,536,954	7,759,650	7,586,555
13 (14)	IFM Investors	0.97%	6,575,980	-108,968	6,684,948	6,539,850	4,413,810
14 (17)	Arrowstreet Capital, Limited Partnership	0.88%	5,974,389	1,251,224	4,723,165	4,290,439	3,314,819
15 (7)	Schroder Investment Management (Australia) Ltd.	0.83%	5,631,342	-5,891,899	11,523,241	16,405,411	17,775,783
16 (15)	Norges Bank Investment Management (NB M)	0.80%	5,387,280	0	5,387,280	5,629,480	6,698,480
17 (16)	Realindex Investments Pty. Ltd.	0.73%	4,976,247	-221,093	5,197,340	4,928,849	4,777,334
18 (22)	DFA Australia Ltd.	0.59%	4,018,855	592,222	3,426,633	3,372,187	4,226,111
19 (19)	State Street Global Advisors (US)	0.58%	3,907,359	-53,949	3,961,308	3,955,219	4,254,483
20 (20)	Russell Investment Management Ltd	0.57%	3,889,628	1,155	3,888,473	3,816,846	3,552,454
21 (23)	Macquarie Investment Management Ltd.	0.46%	3,100,140	69,217	3,030,923	3,080,471	2,446,960
22 (25)	California Public Employees' Retirement System	0.43%	2,939,866	76,140	2,863,726	2,771,796	741,842
23 (32)	HSBC Trinkaus & Burkhardt - Custodian	0.42%	2,814,481	630,519	2,183,962	2,177,847	2,454,561
24 (21)	Bennelong Long Short Equity Management Pty Ltd	0.41%	2,774,403	-704,688	3,479,091	3,474,487	3,704,445
25 (28)	Argo Investments Limited	0.39%	2,609,184	0	2,609,184	2,609,184	2,609,184
26 (24)	Airlie Funds Management Pty Ltd	0.38%	2,552,398	-385,384	2,937,782	2,749,528	4,427,012
27 (26)	BlackRock Advisors (UK) Limited	0.37%	2,506,531	-311,155	2,817,686	3,177,002	2,957,485
28 (29)	Private Clients of IOOF Investment Management Ltd.	0.36%	2,414,023	-114,624	2,528,647	2,595,316	2,572,006
29 (31)	Legal & General Investment Management Ltd.	0.34%	2,327,572	119,494	2,208,078	2,207,917	2,443,941
30 (39)	BlackRock Asset Management Australia Limited	0.30%	2,050,749	452,131	1,598,618	1,638,251	2,470,343

Provided by Nasdaq and as at 25 November 2019

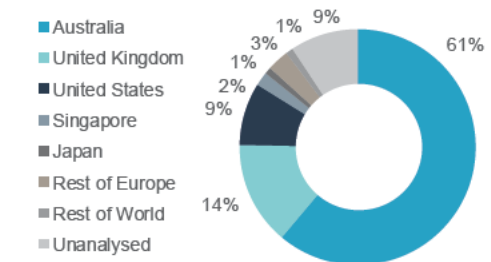
(1) By holder

(2) On 28 August 2019, CPH entered into an amended agreement with Melco Resorts & Entertainment Ltd which requires (1) the conclusion of the ILGA Inquiry without ILGA objecting to the share sale; and (2) Melco receiving various regulatory approvals; prior to the completion of the second tranche of the share sale (relating to 9.99% of Crown's outstanding shares). Such conditions must be satisfied by the Sunset Date of 31 May 2020 (or 30 November 2020 if extended by either party).

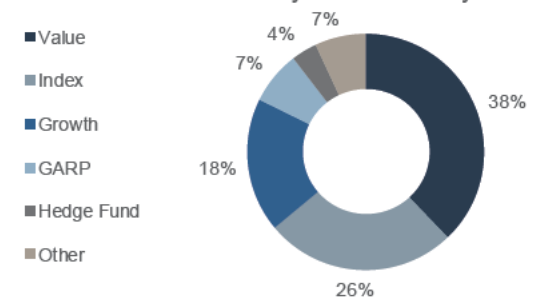
Total Shareholder Composition



Total Shares by Geography



Institutional Shares by Investment Style





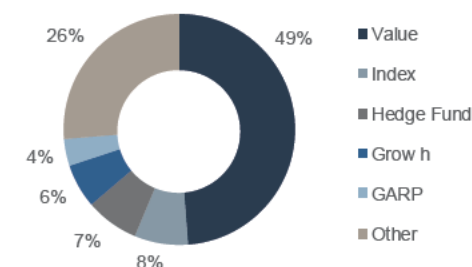


# Top Buyers and Sellers

## Top 10 buyers by holder

Rank	Name	% S/O	25-Nov-2019	Net Change	19-Sep-2019	31-Jul-2019	16-Nov-2018
3 (3)	Perpetual Investment Management Limited	6.74%	45,649,068	6,212,687	39,436,381	31,582,111	19,630,631
32 (139)	Jane Street Capital, L.L.C.	0.28%	1,909,165	1,705,761	203,404	203,404	0
14 (17)	Arrowstreet Capital, Limited Partnership	0.88%	5,974,389	1,251,224	4,723,165	4,290,439	3,314,819
6 (9)	Lazard Asset Management Pacific Company	1.74%	11,809,797	756,894	11,052,903	10,734,174	377,993
23 (32)	HSBC Trinkaus & Burkhardt - Custodian	0.42%	2,814,481	630,519	2,183,962	2,177,847	2,454,561
18 (22)	DFA Australia Ltd.	0.59%	4,018,855	592,222	3,426,633	3,372,187	4,226,111
30 (39)	BlackRock Asset Management Australia Limited	0.30%	2,050,749	452,131	1,598,618	1,638,251	2,470,343
100 (-)	Legal & General Investment Management Japan	0.06%	398,712	398,712	0	0	0
48 (68)	Barclays Capital	0.18%	1,239,628	386,269	853,359	853,359	1,235,443
47 (58)	BlackRock Investment Management (Australia) Ltd.	0.19%	1,318,215	262,562	1,055,653	1,026,527	1,042,417

All Buyers by Firm Style

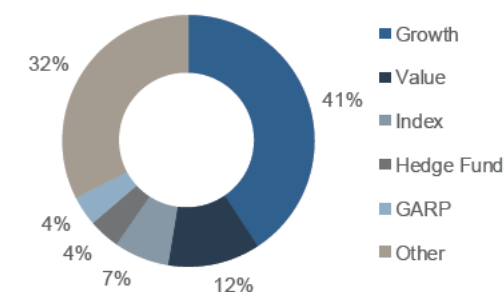


11

## Top 10 sellers by holder

Rank	Name	% S/O	25-Nov-2019	Net Change	19-Sep-2019	31-Jul-2019	16-Nov-2018
15 (7)	Schroder Investment Management (Australia) Ltd.	0.83%	5,631,342	-5,891,899	11,523,241	16,405,411	17,775,783
190 (18)	UBS Securities Australia Ltd.	0.02%	109,804	-4,266,156	4,375,960	109,804	114,802
163 (30)	AllianceBernstein L.P.	0.02%	155,631	-2,089,344	2,244,975	1,649,445	190,272
50 (27)	WaveStone Capital Pty Ltd.	0.17%	1,157,985	-1,545,880	2,703,865	3,854,093	4,644,995
56 (33)	AMP Capital Investors Limited	0.15%	1,035,741	-942,585	1,978,326	1,845,048	2,002,883
10 (8)	Schroder Investment Management (Singapore) Ltd.	1.51%	10,258,205	-884,232	11,142,437	11,009,824	10,089,291
24 (21)	Bennelong Long Short Equity Management Pty Ltd	0.41%	2,774,403	-704,688	3,479,091	3,474,487	3,704,445
11 (12)	Vanguard Investments Australia Ltd.	1.19%	8,029,340	-697,455	8,726,795	8,738,486	8,084,456
61 (43)	Aviva Investors Global Services Limited	0.14%	954,259	-475,487	1,429,746	1,390,100	1,584,507
125 (76)	Deutsche Securities Australia Limited	0.03%	233,770	-473,554	707,324	205,534	0

All Sellers by Firm Style



Provided by Nasdaq and as at 25 November 2019



**AGENDA ITEM 12:**  
Committees



## Audit & Corporate Governance Committee

Minutes of a Meeting of the Committee on 4 December 2019 at 9.30am  
by teleconference

12.1

**Members Present:**

Helen Coonan (Chair)  
Michael Johnston  
Toni Korsanos

Mary Manos (Secretary)

**By Invitation:**

John Alexander  
Ken Barton  
Lauren Harris  
Alan McGregor  
John Salomone

**Apologies:**

Nil

**RESTRICTED BUSINESS**

**Review of Statutory Auditor:**

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

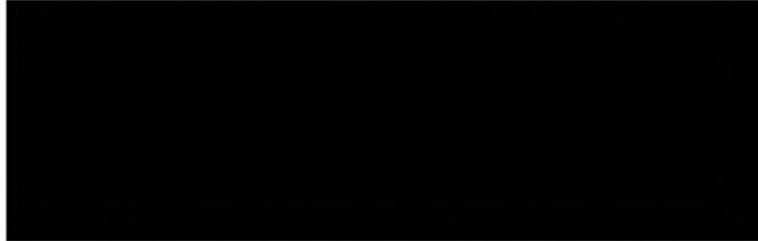
It was noted that:

- the Company had been under increasing pressure by proxy advisers to address the imbalance between audit and non-audit service fees;
- there had been a significant escalation in time and cost spent on the audit by the Company's existing auditor EY; and
- the options available to the Company would be to continue with current arrangements in the face of increased scrutiny or to consider options for a change in statutory auditor.

Having regard to the matters set out in the paper, it was **RESOLVED** that it be recommended to the Board that a tender process be undertaken to consider alternative statutory auditors for Crown.

**DGN Games Group Restructure:**

Ken Barton spoke to the paper with respect to this item.



**12.1**

The options in relation to dealing with the minority shareholder's interests, as set out in the paper were each considered.

It was **RESOLVED** that management continue to engage with the minority shareholder in relation to these options and that the Committee be updated in relation to the outcome of that processes.

**Closure:**

There being no further business, the meeting was declared closed at 4.42pm.

Signed as a correct record

.....

Helen Coonan  
Chair

DRAFT



## Brand Committee

Minutes of a Meeting of the Committee held by teleconference  
on Thursday, 7 November 2019 at 8.30am

12.2

---

**Members Present:**

Helen Coonan (Chair)  
John Alexander  
John Horvath  
Jane Halton  
Michael Johnston

Mary Manos (Secretary)

**By Invitation:**

Mark Arbib (Consolidated Press Holdings)  
Ken Barton (Crown Resorts)  
Karl Bitar (Crown Resorts)  
Barry Felstead (CEO – Australian Resorts)  
Lauren Harris (Crown Resorts)  
Inga Kirkman (Crown Resorts)  
Joshua Preston (CLO – Australian Resorts)

### **BUSINESS**

**Minutes of Meeting held on 1  
November 2019:**

It was **RESOLVED** that the Minutes of Meeting held on 1 November 2019 be approved.

**Conflicts of Interest Declaration:**

Michael Johnston's standing interest as a representative of Consolidated Press Holdings was noted.

**Matters Arising:**

The Matters Arising paper was taken as read.

It was noted that there were no outstanding matters which arose at the previous meeting of the Committee.

**Status Reports:**

***New South Wales ILGA Inquiry:***

The ILGA Inquiry paper was taken as read.

Mary Manos advised the Committee that the Company had also received a request from Norton Rose for a Statement of Evidence from either the Chairman or a director of the Company and

REDACTED - PRIVILEGE

**VCGLR**

The VCGLR paper was taken as read.

**AUSTRAC Assessment**

The AUSTRAC Assessment paper was taken as read.

Joshua Preston confirmed to the Committee that the foreshadowed request for an extension of time to comply with the second AUSTRAC notice would be made.

**Australian Consumer Law:**

The Committee discussed the recent publication by Mr Royce Millar of *The Age*, in connection with breaches by a self-excluded patron and **RESOLVED** to:

- lodge a complaint with the Australian Press Council; and
- refer the matter to Policing authorities.

**Corporate Communications:**

It was noted that there were no outstanding matters from C|T Group since the previous meeting of the Committee.

**Media Log:**

It was noted there were no inclusions to the Media Log since the previous meeting of the Committee.

The Committee considered the publication by Mr Tim Costello in *Independent Australia* on 7 November 2019.

**Other Business:**

Barry Felstead provided the Committee with an update in relation to Crown Sydney residential apartment sales. In addition, Ken Barton provided the Committee with a brief update on the Company's U.K. assets.

**Future Meetings:**

It was noted that the next meeting of the Committee would be held on Thursday, 14 November 2019 at 8.00am.

**"In Camera" Session for Directors:**

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

12.2

The Chair of the Committee 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 9.00 am.

Signed

.....  
Chairperson  
Helen Coonan

12.2

DRAFT



## Brand Committee

Minutes of a Meeting of the Committee held by teleconference  
on Thursday, 14 November 2019 at 8.00am

12.2

---

**Members Present:**

Helen Coonan (Chair)  
John Alexander  
Michael Johnston  
Jane Halton  
John Horvath

Mary Manos (Secretary)

**By Invitation:**

Mark Arbib (Consolidated Press Holdings)  
Ken Barton (Crown Resorts)  
Karl Bitar (Crown Resorts)  
Barry Felstead (CEO – Australian Resorts)  
Lauren Harris (Crown Resorts)  
Inga Kirkman (Crown Resorts)  
Joshua Preston (CLO – Australian Resorts)  
Catherine Douglas (C|T Group) (Agenda Item 1 only)  
Mark Gorter (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)  
Jake Rischbieth (C|T Group) (Agenda Item 1 only)  
Rachel Obradovic (C|T Group) (Agenda Item 1 only)  
Glen Ward (MinterEllison) (Agenda Items 1-5 only)

**Apologies:**

David Bell (C|T Group)

### BUSINESS

**Corporate Communication:**

Helen Coonan welcomed the C|T Group representatives to the meeting.

The C|T Group representatives presented the Committee with its research findings from the focus groups and field work conducted in relation to the Company's branding and key messaging.

The Committee discussed C|T Group's continued strategic work plans and requested that a dedicated session of the Committee be



planned to review a proposed brand strategy for the Company.

Helen Coonan suggested that there may be benefit in C|T Group presenting its research findings to the full Board at a future meeting.

Helen Coonan thanked the C|T Group representatives for presenting to the Committee.

**Minutes of Meeting held on 07 November 2019:**

It was **RESOLVED** that the Minutes of Meeting held on 07 November 2019 be approved.

**Conflicts of Interest Declaration:**

Michael Johnston's standing interest as a representative of Consolidated Press Holdings was noted.

**Matters Arising:**

The Matters Arising paper was taken as read.

It was noted that there were no outstanding matters which arose at the previous meeting of the Committee.

**Status Reports:**

***New South Wales ILGA Inquiry:***

The ILGA Inquiry paper was taken as read.

Mary Manos advised the Committee that:

- the Company had been issued two further summonses in relation to the China matter since the previous meeting of the Committee;
- final production was made in respect of the first two summonses which were received by the Company; and
- clarification had been received from Norton Rose on the Inquiry's position regarding legal professional privilege, noting that the Inquiry does not intend to compel production by the Company of privileged documents in connection with the class action or advice in relation to the Inquiry.

Mary Manos, Glen Ward and the Committee discussed the scope and context of the requested Statement of Evidence.

Glen Ward left the meeting.

***VCGLR:***

The VCGLR paper was taken as read.

12.2

**AUSTRAC Assessment:**

The AUSTRAC Assessment paper was taken as read.

**Media Log:**

The Media Log paper was taken as read.

**Action on Media Log and Allegations:**

The Action on Media Log and Allegations memo was taken as read.

**Other Business:**

It was noted that there were no items of other business.

**Future Meetings:**

It was noted that the next meeting of the Committee would be held on Thursday, 21 November 2019 at 8.30am.

**“In Camera” Session for Directors:**

With the exception of Mary Manos, management left the meeting at the commencement of this Agenda Item.

The Committee requested that Mary Manos progress various matters in connection with the brand strategy.

There were no action items arising from the “In Camera” Session.

**Closure:**

There being no further business, the meeting was declared closed at 9.05 am.

Signed

.....  
Chairperson  
Helen Coonan

12.2



## Brand Committee

Minutes of a Meeting of the Committee held by teleconference  
on Thursday, 21 November 2019 at 8.30am

12.2

---

**Members Present:**

Helen Coonan (Chair)  
John Alexander  
Michael Johnston  
Jane Halton  
John Horvath

Mary Manos (Secretary)

**By Invitation:**

Mark Arbib (Consolidated Press Holdings)  
Ken Barton (Crown Resorts)  
Karl Bitar (Crown Resorts)  
Barry Felstead (CEO – Australian Resorts)  
Lauren Harris (Crown Resorts)  
Inga Kirkman (Crown Resorts)  
Joshua Preston (CLO – Australian Resorts)

**Apologies:**

Nil

**BUSINESS**

**Minutes of Meeting held on 14  
November 2019:**

It was **RESOLVED** that the Minutes of Meeting held on 14  
November 2019 be approved.

**Conflicts of Interest Declaration:**

Michael Johnston's standing interest as a representative of  
Consolidated Press Holdings was noted.

**Matters Arising:**

The Matters Arising paper was taken as read.

It was noted that a Brand Strategy will be presented to the  
Committee at 10.30am on Thursday, 5 December 2019.

**Status Reports:*****New South Wales ILGA Inquiry:***

The ILGA Inquiry paper was taken as read.

Mary Manos advised the Committee that:

- extensions of time to comply with various Summonses on issue to the Company had been formally granted; and
- the due date for the provision of a statement of evidence had been extended to 10 December 2019, noting however that the request for a statement of evidence by the Company was not the subject of an order of the Inquiry.

Mary Manos also advised the Committee of the receipt of an invitation to meet with Mr Philip Crawford, Chairperson of ILGA, on Monday, 25 November 2019, noting that she had requested an agenda in line with the communication and meeting protocol established by ILGA during the course of the Inquiry.

***VCGLR:***

The VCGLR paper was taken as read.

***AUSTRAC Assessment:***

The AUSTRAC Assessment paper was taken as read.

**Corporate Communications:**

Helen Coonan requested that the Committee be provided with a briefing paper setting out a proposed brand strategy for the Company in advance of the Brand Strategy meeting scheduled for 5 December 2019.

Mark Arbib and Karl Bitar agreed to work with representatives of C|T Group and management to deliver the requested briefing paper.

**Media Log:**

The Media Log paper was taken as read.

**Action on Media Log and Allegations:**

The Action on Media Log and Allegations paper was taken as read.

Joshua Preston advised the Committee of advice received from Mark O'Brien Legal in connection with a recent publication by Mr Royce Millar of The Age.

The Committee discussed the advice of Mark O'Brien Legal and **RESOLVED** to confirm that:

- a complaint be lodged with the Australian Press Council; and

- the matter be referred to Policing authorities.

**Other Business:** It was noted that there were no items of other business.

**Future Meetings:** It was noted that the next meeting of the Committee would be held on Thursday, 28 November 2019 at 8.30am.

Having regard to a conflict for the Committee meeting scheduled for Thursday, 5 December 2019 at 8.30am, Committee members were requested to confirm with Mary Manos their availability to meet on either Wednesday, 4 December 2019 at 8.30am or Friday, 6 December 2019 at 8.30am.

**“In Camera” Session for Directors:** With the exception of Mary Manos, management left the meeting at the commencement of this Agenda Item.

There were no action items arising from the “In Camera” Session.

**Closure:** There being no further business, the meeting was declared closed at 9.00 am.

Signed

.....  
Chairperson  
Helen Coonan

12.2



## Brand Committee

Minutes of a Meeting of the Committee held by teleconference  
on Thursday, 28 November 2019 at 8.30am

12.2

---

**Members Present:**

Helen Coonan (Chair)  
John Alexander  
Michael Johnston  
Jane Halton  
John Horvath

Mary Manos (Secretary)

**By Invitation:**

Mark Arbib (Consolidated Press Holdings)  
Karl Bitar (Crown Resorts)  
Barry Felstead (CEO – Australian Resorts)  
Lauren Harris (Crown Resorts)  
Inga Kirkman (Crown Resorts)  
Joshua Preston (CLO – Australian Resorts)

**Apologies:**

Ken Barton (Crown Resorts)

**BUSINESS**

**Minutes of Meeting held on 21  
November 2019:**

It was **RESOLVED** that the Minutes of Meeting held on 21  
November 2019 be approved.

**Conflicts of Interest Declaration:**

Michael Johnston's standing interest as a representative of  
Consolidated Press Holdings was noted.

**Matters Arising:**

The Matters Arising paper was taken as read.

It was noted that there were no outstanding matters which arose  
at the previous meeting of the Committee.

**Status Reports:*****New South Wales ILGA Inquiry:***

The ILGA Inquiry paper was taken as read.

Mary Manos advised the Committee that two further Summonses had been issued to the Company requesting information regarding:

- compliance with the obligations contained in the VIP Gaming Management Agreement; and
- internal controls and standard operating procedures in respect of the prevention of money laundering and the operation of junkets.

Mary Manos also advised the Committee that the hearing to open the public aspect of the Inquiry would be conducted on Tuesday, 21 January 2020, at which time the timetable for further hearings would be announced.

Mary Manos updated the Committee on her meeting with Mr Philip Crawford, Chairperson of ILGA which took place on Monday, 25 November 2019, noting that matters discussed extended to the costs of the Inquiry and positions in relation to any supervisory levy.

The Committee requested that it be kept updated in relation to these matters.

***VCGLR:***

The VCGLR paper was taken as read.

***AUSTRAC Assessment:***

The AUSTRAC Assessment paper was taken as read.

**Corporate Communications:**

Karl Bitar advised the Committee that a briefing paper with high level messaging of the proposed Brand Strategy would be provided to the Committee on Monday, 2 December 2019, in advance of the Brand Strategy meeting scheduled for 5 December 2019.

**Media Log:**

The Media Log paper was taken as read.

**Action on Media Log and Allegations:**

The Action on Media Log and Allegations paper was taken as read.

**Other Business:**

It was noted that there were no items of other business.

12.2

**Future Meetings:**

It was noted that the next meeting of the Committee would be held on Friday, 6 December at 8.30am.

**“In Camera” Session for Directors:**

With the exception of Mary Manos, management left the meeting at the commencement of this Agenda Item.

The Committee noted the proposed fee reduction from MinterEllison in relation to Inga Kirkman’s engagement and approved to extend the term of the engagement for a further six-month period.

**Closure:**

There being no further business, the meeting was declared closed at 8.53am.

Signed

.....  
Chairperson  
Helen Coonan

12.2





## Brand Committee

Minutes of a Meeting of the Committee held by teleconference  
on Thursday, 5 December 2019 at 12.00pm

12.2

---

**Members Present:**

Helen Coonan (Chair)  
Michael Johnston  
Jane Halton  
John Horvath

Mary Manos (Secretary)

**By Invitation:**

Ken Barton (Crown Resorts)  
Karl Bitar (Crown Resorts)  
Barry Felstead (CEO – Australian Resorts)  
Lauren Harris (Crown Resorts)  
Inga Kirkman (Crown Resorts)  
Joshua Preston (CLO – Australian Resorts)

**Apologies:**

John Alexander (Committee Member)  
Mark Arbib (Consolidated Press Holdings)

### BUSINESS

**Opening Business:**

It was noted that all members of the Committee had met at 10.30am to consider a draft brand strategy proposal, presented by Karl Biter and Nigel Blunden of C|T Group.

It was further noted that while this meeting had been scheduled to occur on 6 December 2019, given all members of the Committee were present and the papers available, that the meeting would be held on 5 December 2019.

**Minutes of Meeting held on 28 November 2019:**

It was **RESOLVED** that the Minutes of Meeting held on 28 November 2019 be approved.

**Conflicts of Interest Declaration:**

Michael Johnston's standing interest as a representative of Consolidated Press Holdings was noted.

<b>Matters Arising:</b>	<p>The Matters Arising paper was taken as read.</p> <p>Mary Manos advised the Committee that a draft letter to ILGA in relation to the Company's position on a supervisory levy was included in the paper with respect to this item and she requested the Committee's feedback on the draft letter.</p>
<b>Status Reports:</b>	<p><b><i>New South Wales ILGA Inquiry:</i></b></p> <p>The ILGA Inquiry paper was taken as read.</p> <p>Mary Manos referred the Committee to the Schedule setting out the current status of each Summons issued to the Company to date and noted the issue of three further Summonses to the Company since the previous meeting of the Committee.</p> <p>Mary Manos advised the Committee of the publication by ILGA of procedural guidelines in connection with the Inquiry and the due date for public submissions of 27 March 2020.</p> <p><b><i>VCGLR:</i></b></p> <p>The VCGLR paper was taken as read.</p> <p><b><i>AUSTRAC Assessment:</i></b></p> <p>The AUSTRAC Assessment paper was taken as read.</p>
<b>Corporate Communications:</b>	<p>It was noted that this matter was considered as part of the brand strategy proposal.</p>
<b>Media Log:</b>	<p>It was noted that there were no Media Log items to report.</p>
<b>Action on Media Log and Allegations:</b>	<p>The Action on Media Log and Allegations paper was taken as read.</p>
<b>Other Business:</b>	<p>Joshua Preston advised the Committee that the Company was considering establishing an "information sharing" forum for Junket Operator due diligence with representatives of the Casino industry and law enforcement agencies and that the Committee would be presented with further detail in relation to any such proposal at a future meeting.</p>

12.2

**Future Meetings:** It was noted that the next meeting of the Committee would be held on Thursday, 12 December 2019 at 8.30am at the Chairman’s Office Boardroom, Crown Melbourne.

**“In Camera” Session for Directors:** The Committee did not hold an “In Camera” session.

**Closure:** There being no further business, the meeting was declared closed at 12.17pm.

Signed

.....  
Chairperson  
Helen Coonan

DRAFT

12.2



## Occupational Health & Safety Committee

Minutes of a Meeting of the Committee held at  
Level 3, Crown Towers, 8 Whiteman Street, Southbank, Victoria on  
4 December 2019 at 12.00pm

12.3

### Members Present:

John Horvath (Chair)  
Jane Halton  
Michael Johnston

Mary Manos (Secretary)

### By Invitation:

John Alexander (Crown Resorts Limited)  
Ken Barton (Crown Resorts Limited)  
Barry Felstead (CEO – Australian Resorts)  
Tony Graham (GM – Health & Safety)  
Lauren Harris (Crown Resorts Limited)  
Mark Holmes (EGM – Non-gaming, Sydney)  
Damir Kucan (EGM – Human Resources) (by telephone)  
Alan McGregor (CFO – Australian Resorts)  
Craig Morris (GM – Property Services)

### BUSINESS

### Minutes of Meeting held on 13 August 2019:

It was **RESOLVED** that the minutes of the Occupational Health & Safety Committee meeting held on 13 August 2019 be approved.

### Matters Arising:

The Matters Arising paper was taken as read.

It was noted that the Committee would continue to consider the recommendation from the Australian Council of Superannuation Investors to disclose its safety performance statistics.

It was noted that the Risk Management Committee had met prior to this Committee meeting to consider the cladding matter and that issues related to the cladding matter would now be overseen by the Risk Management Committee.

**1<sup>st</sup> Quarter FY20 OH&S Key Performance Scorecards:**

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

Damir Kucan and Tony Graham presented the 1st Quarter OH&S FY20 Key Performance Scorecard, noting amongst other matters, that:

- LTIFRs had increased, however severity of incidents was generally low, with all other safety indicators on track.
- Under the Crown Melbourne performance monitoring regime with the workers compensation actuary, using the yield rates at 30 November 2019, the provision was \$23.5 million.
- The health monitoring program at Crown Melbourne was continuing, with approximately 3,000 assessments expected to be completed by the end of 2019.
- The Australian Resorts Health, Safety and Wellbeing Policy had been updated, with the changes to be reflected in the Company's policies and presented to the Committee at its next meeting for consideration.
- Three additional PINs had been received in the period from security officers in relation to noise which were not included in the report. It was noted that a noise survey would be completed in the coming months at Crown Melbourne and Crown Perth to identify noise areas and locations and to review the associated controls, particularly in peak periods.
- Industrial Manslaughter legislation was expected to take effect from 1 July 2020 in Victoria, with similar reforms expected to be introduced into Parliament in Western Australia next year.
- Management was considering a report which was recently released by the Victorian Ombudsman regarding WorkSafe agents and would present any relevant findings to the Committee at its next meeting.

Among other matters, the Committee discussed the following:

- The welfare of the security officer at Crown Perth who was run over by a patron in the Crown Perth carpark. It was noted that the perpetrator remains in remand and is expected to serve jail time.
- The number of Lost Time Injuries, particularly in Food & Beverage and Table Games.

It was **RESOLVED** that the 1st Quarter FY20 OH&S Key Performance Scorecards be noted.

Mark Holmes presented the F&B OHS Performance and Initiatives to the Committee, noting in particular, the following:

- With the support of the Health and Safety team, F&B was managing LTIs and working closely with injured employees on their return to work plan, resulting in a decrease in the average days lost.
- Most LTIs in F&B comprise cuts and contusions, slips and trips, burns and manual handling related injuries.
- The improvement initiatives focus on people, processes and places.

Mark Holmes also provided the Committee with an overview of the specific initiatives including, lowering storage of items, introduction of cut proof gloves, implementation of EMMAH and purchasing lower weight items.

The Committee discussed a number of the initiatives, including the cut proof gloves. It was noted that employee feedback on the use of the gloves would be presented at a future meeting of the Committee. The Committee also recommended that management investigate whether any automation solutions could be implemented to reduce manual handling.

#### **Air Quality Report:**

##### ***Mahogany:***

The Air Quality Report for the Crown Melbourne Mahogany Room was taken as read.

It was noted that air quality testing results were based on an average eight-hour testing period and that testing periods at Crown Melbourne and Crown Perth are conducted in peak periods as well as quiet periods.

It was also noted that, through the Company's air quality testing, it has established a positive correlation between the level of nicotine and particulates concentration.

##### ***Crown Sydney:***

The Air Quality – Crown Sydney paper was taken as read.

It was noted that the Restricted Gaming Licence contains obligations in relation to air quality equipment and testing which management was currently working on as part of the pre-opening plan for Crown Sydney.

It was also noted that the obligations in respect of Crown Sydney will require quarterly air testing and, on this basis, it was proposed that an Air Quality report be included as a standing item on the agenda for each scheduled meeting of the Committee.

**Future Meetings:**

The future Committee meeting dates were noted.

**Closure:**

There being no further business, the meeting was declared closed at 12.51pm.

Signed

.....

Chairperson  
John Horvath

DRAFT

12.3



## Risk Management Committee

Minutes of a Meeting of the Committee held at  
Level 3, Crown Towers, 8 Whiteman Street, Southbank, Victoria on  
4 December 2019 at 10.00am

12.4

**Members Present:**

Jane Halton (Chair)  
Andrew Demetriou  
Toni Korsanos

Mary Manos (Secretary)

**By Invitation:**

John Alexander (Executive Chairman)  
Ken Barton (Crown Resorts Limited)  
Barry Felstead (CEO – Australian Resorts)  
Sasha Grist (Crown Perth) (by telephone)  
Lauren Harris (Crown Resorts Limited)  
Alan McGregor (CFO – Australian Resorts)  
Craig Morris (GM – Property Services) (Agenda Item 3 only)  
Josh Preston (CLO – Australian Resorts)  
Jeremy Sampson (Capital Works Manager) (Agenda Item 3 only)  
Anne Siegers (Group GM Risk & Audit)  
David Skene (Betfair)

**Apologies:**

Nil

**B U S I N E S S**

**Minutes of Meeting:**

***Minutes of Meeting held on 12 August 2019***

It was **RESOLVED** that the Minutes of the Risk Management Committee Meeting held on 12 August 2019 be approved.

***Written Resolution dated 11 November 2019***

It was **RESOLVED** that the Written Resolution of the Risk Management Committee Meeting dated 22 November 2019 be noted.

**Matters Arising:**

The Matters Arising paper was taken as read.



**Cladding:**

Jeremy Sampson and Craig Morris presented to the Committee in relation to the show cause notice received from the Melbourne City Council in relation to combustible cladding on the Crown Metropol Melbourne hotel, providing a comprehensive account of the history of the matter.

It was noted that:

- the Company had undertaken a number of initial mitigation measures including ignition source removal and additional fire protection measures;
- external advisers DNT Engineering and building surveyors had been engaged to recommend a Fire Engineering Solution which had been provided to Melbourne City Council for approval;
- Melbourne City Council has indicated that it will refer the matter to the Building Appeals Board for consideration and approval;
- management was in the process of completing the application required to have the matter considered by the Building Appeals Board; and
- management would continue to liaise with Melbourne City Council in relation to process and timing.

It was further noted that notwithstanding the fact that show cause notices had not been received in relation to Crown Melbourne's other buildings, management had proactively conducted a consistent process in relation to those buildings.

The DNT Engineering Report and correspondence with Melbourne City Council was tabled.

The Committee noted the proactive approach which had been taken by management together with the assurances provided by external advisers that the overall risk assessment in relation to this issue for the Company is considered "low".

It was noted that the mitigation measures being taken by the Company should further mitigate any potential risk and the Committee encouraged management to press Melbourne City Council to facilitate the approval of the Fire Engineering Solution so that the matter can be progressed as efficiently as possible.

Having regard to the above, the Committee endorsed the proposed solution for Crown Metropol Melbourne, subject to the approval of the Building Appeals Board.

In relation to Crown Perth, it was noted that the local authority had deemed the property "low" risk with no further action required. Management advised the Committee that an internal assessment would be undertaken of the Crown Perth properties to determine whether any combustible cladding was present, with the results to be reported to the Committee at a future meeting.

REDACTED - PRIVILEGE

12.4

**Risk Reporting:*****Report Against Material Risks***

The Report Against Material Risks was taken as read.

The Committee expressed concern in relation to alleged leaks of the Company's confidential information by inspectors of the Victorian Commission for Gambling and Liquor Regulation (VCGLR). It was noted that this concern had been raised by management directly with the VCGLR and that the VCGLR was investigating the matter.

Anne Siegers highlighted the amendment to the likelihood rating for the Industrial Action risk from "Possible" to "Unlikely" on account of the fact that negotiations in relation to the Enterprise Agreements due for renewal were largely complete.

Jane Halton noted that the closure of the Commonwealth Bank accounts seemed to indicate a change in the perception of the gaming industry and the Company. It was noted that consideration would be given to incorporating this into the Company's Risk Profile.

It was **RESOLVED** that the Report Against Material Risks be noted.

***Emerging Risks***

The Emerging Risks paper was taken as read, noting that no new risks had been identified by management.

Jane Halton noted the public's decreasing appetite for corporate error.

***ASIC Corporate Governance Taskforce***

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

Mary Manos informed the Committee that ASIC had advised that the release of the second report relating to variable executive remuneration (which the Company had participated in) had been delayed to the new year.

It was noted in relation to the key messages articulated in ASIC's first report on Director and Officer Oversight of Non-financial Risk, that the Company had undertaken an exercise to review its processes in line with ASIC's recommendations with no material concerns identified.

**Compliance Report:**

The Compliance Report was taken as read.

It was noted that the VCGLR had requested access to documentation in support of the Company's implementation of an enhanced Compliance Framework in Melbourne and that while the Company had confirmed that the documentation is available for inspection, the VCGLR had not yet attended to review the papers.

It was **RESOLVED** that the Compliance Report be noted.

**Insurance Renewal Update:**

The Insurance Broker paper was taken as read.

It was noted that:

- insurances had been obtained on a basis consistent with that approved by the full Board by Written Resolution; and
- at the next meeting of the Committee in February 2020, a summary of each final Group Policy would be presented.

Mary Manos informed the Committee that the Company's broker had subsequently asked if the Company would like to pursue any additional Side A coverage.

Having regard to the size of the program placed for D&O insurance, the Committee **RESOLVED** not to pursue additional cover beyond that placed.

**ILGA Inquiry:**

REDACTED - PRIVILEGE



**Other Business:**

***Delegation Policy:***

Anne Siegers requested that the Committee approve an amendment to the Delegations Policy to carve out certain lease and IT arrangements.

It was **RESOLVED** to recommend the amended Delegations Policy to the Board for approval.

***Register of Executed Contracts:***

The Executed Contracts Register was noted.

**Future Meetings:**

The future meeting dates were noted.

**Closure:**

There being no further business, the meeting was declared closed at 11.13am.

Signed

.....

Jane Halton  
Chairperson

**12.4**



## Risk Management Committee

Circulating Resolution made in accordance with the Committee’s Charter

12.4

We, being all the Members of the Risk Management Committee (the **Committee**) at the date of this circulating resolution, entitled to receive notice of a Committee meeting and to vote on the resolutions contained in this circulating resolution, by assenting to this document each state that we are in favour of the resolutions set out in this document.

The resolutions are passed by the Members without a Committee meeting on the date and at the time when the last Member assents to the resolutions. Separate copies of this document may be used for signing by any one or more of the Members.

### D&O Insurance

The Members acknowledge having received a memorandum dated 20 November 2019 entitled *Insurance Renewal Update – D&O Insurance* setting out the D&O insurance renewal options for the 2019-20 insurance renewal period.

Having regard to the Memorandum, it is **RESOLVED** that the Committee recommend to the Board that the Company obtain the D&O insurance cover presented as Option 1 in the Memorandum on terms largely consistent with those presented.

.....  
Jane Halton  
Date:

.....  
Andrew Demetriou  
Date:

.....  
Toni Korsanos  
Date:



## Responsible Gaming Committee

Minutes of a Meeting of the Committee held on Wednesday, 4 December 2019 at Level 3, Crown Towers, 8 Whiteman Street, Southbank, Victoria at 11.15am

12.5

**Members Present:**

John Horvath (Chair)  
John Alexander  
Toni Korsanos

Mary Manos (Secretary)

**By Invitation:**

Ken Barton (Crown Resorts Limited)  
Sonja Bauer (Group GM Responsible Gaming – Australian Resorts) (by telephone)  
Barry Felstead (CEO – Australian Resorts)  
Lauren Harris (Crown Resorts Limited)  
Leon Pillai (RG Operations Manager)  
Josh Preston (CLO – Australian Resorts)  
David Skene (Betfair)  
Melanie Strelein (Crown Perth) (by telephone)

**Apologies:**

Nil

**BUSINESS**

**Minutes of Meeting held on 9 October 2019:**

It was **RESOLVED** that the Minutes of the Responsible Gaming Committee Meeting held on 9 October 2019 be approved.

**Matters Arising:**

The Matters Arising paper was taken as read.

It was noted that there were no matters arising from the previous meeting which remained outstanding.

**Betfair Responsible Gaming Report:** The Betfair Responsible Gaming Report was taken as read.

Amongst other matters, David Skene noted the following:

- Betfair participated in a research project undertaken by Sally Gainsbury at the Gambling Treatment & Research Clinic which involved sending different 'deposit limit' messages to selected groups of customers, and assessing which messages were most effective by monitoring wagering activity over the following 90 days.
- Betfair representatives recently met with the Australian Media and Communications Authority to report known illegal offshore gambling websites which ACMA intends to block through Australian internet service providers.
- Betfair representatives recently met with Licensing NT to discuss a number of matters, including the Northern Territory inducement laws.
- Betfair heavily promoted its Responsible Gambling webpage during the 2019 Spring Racing Carnival and noticed an increase in the number of Responsible Gambling webpage views.

The Committee discussed the above matters, including the research project undertaken by Sally Gainsbury and the possible methods of communication with customers.

David Skene noted that he would consider whether communications with customers could occur by way of SMS.

It was **RESOLVED** that the Betfair Responsible Gaming paper be noted.

**Australian Resorts:**

***Australian Resorts Responsible Gaming Report:***

The Australian Resorts Responsible Gaming Report was taken as read.

Josh Preston spoke to the Australian Resorts Responsible Gaming Report noting, among other matters, that:

- Recommendations 6, 7 and 8 of the Section 25 Review Recommendations were due to be submitted by 1 January 2020.
- A meeting with the Advisory Panel would be scheduled with management in mid-January 2020 to review the Crown Resorts Responsible Gaming Framework and Strategy.
- The Crown Model Trial Report has been completed and has been provided to an external expert for review and will be presented to the Committee at a future meeting.
- The events held for Gambling Harm Awareness Week at Crown Melbourne and Responsible Gambling Awareness Week at Crown Perth were successful.
- The Company had lodged a complaint with the Australian Press

12.5

Council in relation to the Royce Millar article published in The Age regarding self-excluded patron, Stuart McDonald, noting that both Mr Millar and Mr McDonald had committed offences under the Crimes Act and the Casino Control Act respectively. In addition, a brief was being prepared for submission to the police regarding the offences. It was also noted that Mr McDonald was not stopped by security/surveillance as he accessed the property during a shift change, however, additional processes had been implemented to address this.

In relation to Deakin University's *GamblingLess: Curb Your Urge* app, Toni Korsanos requested that management pursue discussions with Deakin University to better understand the proposal and potential for the Company to provide support.

It was **RESOLVED** that the Australian Resorts Responsible Gaming Report be noted.

***Crown Melbourne Responsible Gaming Statistics:***

The Crown Melbourne Responsible Gaming Statistics Commentary paper was taken as read.

The Committee noted the Self Exclusion, Revocation and Unattended Children Statistics as well as the Harm Minimisation Overview and Exclusion Related Events Reports.

The Committee discussed the unattended children statistics, particularly at Crown Perth noting the split between gaming and non-gaming incidents.

It was **RESOLVED** that the Responsible Gaming Statistics be noted.

**Crown Resorts Responsible Gaming Report:**

The Crown Aspinalls and Aspers Responsible Gaming Reports were taken as read

Mary Manos advised the Committee that these reports would be refined to separate out the gaming environment scan matters from the business matters.

It was **RESOLVED** that the Crown Resorts Responsible Gaming Reports be noted.

**Crown Melbourne Licence Review Update:**

The Committee noted the progress made against each responsible gaming recommendation in the Crown Melbourne Licence Review Update paper.

The Committee thanked Josh Preston and his team for their efforts progressing the Recommendations.

It was **RESOLVED** that the Crown Melbourne Licence Review Update be noted.



**Gaming Environment Scan:** The Gaming Environment Scan paper was taken as read.  
It was **RESOLVED** that the Gaming Environment Scan be noted.

**Future Meetings:** The future meeting dates were noted.

**Closure:** There being no further business, the meeting was declared closed at 11.43am.

Signed

.....  
Chair  
John Horvath

12.5

DRAFT



**AGENDA ITEM 13:**  
Policies



# Crown Resorts Limited

## Memorandum

---

**To:** The Board of Directors

**From:** Mary Manos

**Date:** 6 December 2019

**Subject:** **Whistleblower Policy**

---

Dear Directors

At the August 2019, the Board was presented with a draft Whistleblower Policy. On 13 November 2019, the Australian Securities and Investments Commission (**ASIC**), released Regulatory Guide 270 *Whistleblower Policies* which provides prescriptive guidance to companies regarding the establishment and content of a compliant whistleblower policy.

The Whistleblower Policy presented to the Board in August has been updated to reflect ASIC's guidance and also to refer to Crown's Internal Sources Management to which disclosures made under the Policy will be referred for consideration and investigation.

It is proposed that the Board consider and approve the attached group wide Whistleblower Policy.

### **Whistleblower Protection Regime**

As previously notified to the Board, as of 1 July 2019, the whistleblower protections in the *Corporations Act 2001* (Cth) (**Corporations Act**) have been expanded to provide greater protections for whistleblowers who report misconduct about companies and company officers. Equivalent protections are also provided for in the *Tax Administration Act 1953* (Cth) in respect of any misconduct relating to tax affairs (together, the **Whistleblower Regime**).

The revised Whistleblower Regime requires all public companies, large proprietary companies and certain other entities to have a compliant whistleblower policy in place and made available to their officers and employees by 1 January 2020.

### **Publication on the Company's Website**

The fourth edition of the ASX Corporate Governance Principles and Recommendations provides that a listed entity should disclose its Whistleblower Policy on its company website.

Now that ASIC has released its guidance on whistleblower policies, following approval of the Whistleblower Policy by the Board, it is proposed that the policy be published on the Company's website and on the websites of its operating subsidiaries (ie Crown Melbourne, Crown Perth, Betfair and Crown Aspinalls).

**Reporting to the Risk Management Committee**

Going forward, subject to the obligations of confidentiality, the Risk Management Committee will be provided with periodic updates of matters reported under the Whistleblower Policy.

REDACTED - PRIVILEGE

**Proposed Resolution**

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.

Kind regards

Mary Manos  
**General Counsel & Company Secretary**

**13.1**



# Crown Resorts Limited Whistleblower Policy

Crown Resorts Limited ACN 125 709 953  
A public company limited by shares

## Table of contents

---

1.	Purpose .....	1
2.	Eligible Whistleblowers.....	1
3.	Scope of Whistleblower Protection Regime .....	1
3.1.	Protected Disclosures .....	1
3.2.	Misconduct / Improper State of Affairs .....	2
3.3.	Personal Work-related Grievances .....	2
3.4.	Public Interest and Emergency Disclosures .....	3
4.	How Disclosures May be Made.....	3
4.1.	STOPLine.....	3
4.2.	Eligible Recipients.....	4
5.	Investigations .....	4
5.1.	Procedure .....	4
5.2.	Internal Sources Management Committee .....	4
5.3.	Fair Treatment of Employees Named in a Disclosure .....	5
6.	Protections Available to Eligible Whistleblowers .....	5
6.1.	Introduction.....	5
6.2.	Protection of Identity and Confidentiality .....	6
6.3.	Protection Against Victimisation .....	6
6.4.	Additional Protections for Eligible Whistleblowers .....	7
6.5.	Vexatious and Deliberately False Disclosures .....	7
7.	Consequences for Breach of this Policy .....	8
8.	Access to this Policy .....	8
9.	Reporting to the Risk Management Committee .....	8
10.	Regular Review of Policy.....	8

## 1. Purpose

In Australia, the *Corporations Act 2001* (Cth) (**Corporations Act**) and the *Tax Administration Act 1953* (Cth) (**Tax Act**) provide certain protections for Eligible Whistleblowers (as defined in section 2 of this Policy) (**Whistleblower Protection Regime**).

This Policy applies to Crown Resorts Limited and/or its related bodies corporate (**Crown**).

This Policy is a practical tool to encourage the reporting of misconduct and wrongdoing. It is important that all individuals who are aware of any such wrongdoing at Crown should have the confidence to speak up without fear of detriment.

This Policy describes who can make a disclosure, who it can be reported to, how it can be made, how it will be actioned and investigated and the protections available.

Crown may exercise its discretion to address disclosures, which are not covered by the Whistleblower Protection Regime in accordance with this Policy.

## 2. Eligible Whistleblowers

This Policy applies to any individual that is, or has been, any of the following:

- (a) an employee of Crown;
- (b) a person who supplies goods or services to Crown (whether paid or unpaid), and employees of those suppliers;
- (c) an officer or associate of Crown (e.g. a director or secretary of Crown); or
- (d) a relative, dependant or a dependant of the spouse of any individual referred to in paragraphs (a) to (c) above,

(each an **Eligible Whistleblower**).

## 3. Scope of Whistleblower Protection Regime

### 3.1. Protected Disclosures

Eligible Whistleblowers are afforded protections under the Whistleblower Protection Regime if the following conditions are met:

- (a) the disclosure is made to any of the following:
  - (i) an Eligible Recipient (as defined in section **Error! Reference source not found.** of this Policy);
  - (ii) a legal practitioner (other than a legal practitioner employed by Crown) for the purpose of obtaining legal advice or legal representation in relation to the operation of the protections available under the Whistleblower Protection Regime;
  - (iii) the Australian Securities and Investments Commission (**ASIC**) or the Australian Prudential Regulation Authority (**APRA**) or a prescribed Commonwealth authority (for the purposes of the Corporations Act); or

- (iv) the Commissioner of Taxation or a registered tax or BAS agent who provides tax agent or BAS services to Crown (for the purposes of the Tax Act); and
- (b) the Eligible Whistleblower has reasonable grounds to suspect that the information concerns misconduct or an improper state of affairs or circumstances in relation to Crown or indicates that Crown or any employee or officer has breached certain laws.

For the avoidance of doubt, disclosures which do not comply with the above conditions will not be afforded protections under the Whistleblower Protection Regime.

### 3.2. Misconduct / Improper State of Affairs

Misconduct or an improper state of affairs or circumstances in relation to Crown include:

- (a) fraud, negligence, default, breach of trust or breach of duty;
- (b) failure to comply with, or breach of, a legal or regulatory requirement;
- (c) a breach of a legal obligation by Crown or by any officer or employee of Crown, including money laundering, misappropriation of funds or offering or accepting a bribe;
- (d) conduct which poses danger to the health and safety of an individual;
- (e) any systemic issue that the relevant regulator should know about to properly perform its functions;
- (f) conduct that relates to dishonest or unethical behaviour and practices;
- (g) conduct prohibited by Crown's Code of Conduct and its Policies;
- (h) information that indicates a significant risk to the stability of, or confidence in, the financial system; or
- (i) victimisation under section 6.3 of this Policy.

### 3.3. Personal Work-related Grievances

A disclosure does not qualify for protection under the Whistleblower Protection Regime to the extent that the information disclosed:

- (a) concerns a personal work-related grievance that relates to a current or former employee of Crown (such as an interpersonal conflict, disciplinary action including suspension or termination of employment or variation of employment conditions);
- (b) does not have any implications for Crown; and
- (c) does not concern a contravention, or an alleged contravention, of the prohibition of victimisation under the Whistleblower Protection Regime as set out in section 6.3 of this Policy.

In limited circumstances, a personal work-related grievance may qualify for protection under the Whistleblower Protection Regime, including where the discloser suffers from or is threatened with detriment for making a disclosure.



Personal work-related grievances should be raised with a Crown Human Resources Manager in the first instance.

### 3.4. Public Interest and Emergency Disclosures

Where an Eligible Whistleblower has previously made a disclosure that meets certain conditions to an eligible regulator, disclosures may be made to Members of Parliament or journalists if the requirements set out in section 1317AAD of the *Corporations Act* for public interest and emergency disclosures are met (as applicable).

An Eligible Whistleblower should contact an independent legal practitioner to ensure they understand the criteria for making a public interest or emergency disclosure that qualifies for protection.

## 4. How Disclosures May be Made

Crown is committed to identifying and addressing wrongdoing as early as possible. Where an Eligible Whistleblower is aware of or suspects misconduct or an inappropriate state of affairs or circumstances, the Eligible Whistleblower is encouraged to disclose that information to STOPLine or to another Eligible Recipient as soon as reasonably practicable.

Disclosures may be made by Eligible Whistleblowers to Eligible Recipients in writing, in person or via telephone.

Disclosures may be made anonymously or on a confidential basis and still qualify for protection under the Whistleblower Protection Regime. Eligible Whistleblowers can refuse to answer questions that they feel could reveal their identity during follow-up conversations. Eligible Whistleblowers, however, are encouraged to consent in writing to having their identity disclosed as this will assist in a more effective investigation of the matter and will enable Crown to keep the Eligible Whistleblower informed of the progress of the investigation, the frequency of which may vary depending on the nature of the disclosure.

At the least, anonymous Eligible Whistleblowers should maintain two-way communication with the Eligible Recipient, so that Crown can ask follow-up questions or provide feedback.

Individuals who require additional information as to the application of the Whistleblower Protection Regime are encouraged to seek independent legal advice.

### 4.1. STOPLine

Eligible Whistleblowers are encouraged to contact STOPLine to make a disclosure under this Policy. STOPLine is an independent and confidential service which is available 24 hours a day, seven days a week. STOPLine's contact details are set out below:

Phone: 1300 30 45 50 (within Australia) or +61 3 9811 3275 (outside Australia)  
 Fax: 03 9882 4480 (within Australia) or +61 3 9882 4480 (outside Australia)  
 Email: crown@stopline.com.au  
 Mail: c/o STOPLine  
 Locked Bag 8  
 HAWTHORN VIC 3122  
 App: stop247 (available to download free from the Apple iTunes store and Google Play store)

## 4.2. Eligible Recipients

In addition to STOPLine, the following individuals may receive disclosures directly in accordance with this Policy:

- (a) an Officer (including Directors) or Senior Manager<sup>1</sup> of Crown;
- (b) an auditor, or a member of the audit team conducting an audit, of Crown;
- (c) an actuary of Crown; or
- (d) the Group General Manager – Regulatory and Compliance,

(each an **Eligible Recipient**).

The above Eligible Recipients can be contacted by calling 03 9292 8888 (within Australia) or +61 3 9292 8888 (outside Australia).

## 5. Investigations

### 5.1. Procedure

Where a disclosure is made under this Policy, Crown will need to make preliminary enquiries to decide whether it falls within the Whistleblower Protection Regime, is covered by this Policy and a full investigation is necessary.

Crown has established an Internal Sources Management Committee (**ISM Committee**). The ISM Committee is the primary vehicle for the management of disclosures made under this Policy.

Eligible Recipients should refer all disclosures made under this Policy to the ISM Committee in the first instance.

### 5.2. Internal Sources Management Committee

- (a) The ISM Committee includes the following members:
  - (i) Group General Manager – Regulatory and Compliance (Chair); and
  - (ii) either of the General Counsel and Company Secretary or the Chief Legal Officer – Australian Resorts, or both.

Other Crown employees will be included as members of the ISM Committee as determined on a case by case basis.

- (b) If a disclosure involves a member of the ISM Committee or any of their direct reports, that member shall be excluded from the investigation process for that particular disclosure;
- (c) The ISM Committee will escalate matters as required;

---

<sup>1</sup> For the purposes of this Policy, *senior manager* refers to a member of a Crown Executive Team, which is comprised of persons with the following titles Executive Chairman, Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Information Officer, Chief Marketing Officer, General Counsel, Chief Legal Officer or Executive General Manager.

- (d) The ISM Committee will meet as required to:
  - (i) review any information received from an Eligible Whistleblower and determine if the matter should be investigated and if so, who should conduct the investigation (either internally or externally);
  - (ii) review and approve the scope of the proposed investigation;
  - (iii) oversee the conduct of any investigation; and
  - (iv) ensure that matters are investigated in a reasonably efficient manner.
- (e) The ISM Committee will appoint an appropriate person to support an Eligible Whistleblower who makes a disclosure under this Policy and who requests support. It is the appointed person's responsibility on behalf of the ISM Committee to ensure that the welfare and rights of the Eligible Whistleblower are protected in accordance with this Policy.
- (f) The Chair of the ISM Committee will act as the point of contact with the Eligible Whistleblower. The Chair will be responsible for providing feedback to the Eligible Whistleblower via, where applicable, STOPLine.
- (g) Where an Eligible Whistleblower has not authorised the disclosure of their identity or has remained anonymous, then, if reported through STOPLine, the Eligible Whistleblower will be able to receive feedback from Crown regarding their disclosure via STOPLine using a code and confidential password.

### 5.3. Fair Treatment of Employees Named in a Disclosure

It is important that all investigations of disclosures made under this Policy are conducted in a procedurally fair and confidential manner, to ensure the fair treatment of any individuals named in the protected disclosure or to whom the protected disclosure relates.

Crown will take reasonable steps to ensure that those employees against whom a disclosure is made are provided with support and/or assistance by Crown.

Before any action is taken against a person under this Policy, Crown will ensure due process is observed. Disciplinary action will only be taken where there is cogent evidence of the alleged misconduct or improper state of affairs or other conduct falling within the scope of the Whistleblower Protection Regime.

## 6. Protections Available to Eligible Whistleblowers

### 6.1. Introduction

Crown will support Eligible Whistleblowers who disclose matters on a bona fide basis. Specific protections are available to Eligible Whistleblowers for disclosures which qualify for protection under the Whistleblower Protection Regime.

Crown will conduct investigations in a manner which is fair in all of the circumstances and will also have regard to the protections afforded to the Eligible Whistleblower and the privacy and fair treatment of persons referred to in the disclosure, including those to whom the disclosure relates.

Protections will not apply to deliberately false or vexatious disclosures or complaints.

## 6.2. Protection of Identity and Confidentiality

For disclosures which qualify for protection under the Whistleblower Protection Regime, strict confidentiality obligations apply.

The identity or any information that may lead to the identification of an Eligible Whistleblower must be kept confidential unless one of the following exceptions applies:

- (a) the Eligible Whistleblower has consented to the disclosure of their identity;
- (b) the Eligible Whistleblower's identity is not disclosed but disclosure of information that is likely to lead to the identification of the Eligible Whistleblower is reasonably necessary for the purposes of investigating a matter; or
- (c) the disclosure is made to:
  - (i) a member of the Australian Federal Police;
  - (ii) ASIC or APRA (in relation to disclosures which qualify for protection under the *Corporations Act*);
  - (iii) the Commissioner of Taxation (in relation to disclosures which qualify for protection under the *Tax Act*);
  - (iv) a legal practitioner (other than a legal practitioner employed by Crown) for the purpose of obtaining legal advice or legal representation in relation to the operation of the protections under the *Corporations Act*; or
  - (v) a body prescribed by the relevant regulations.

Where one of the exceptions above does not apply, Crown will take appropriate measures to maintain the confidentiality of an Eligible Whistleblower's identity.

## 6.3. Protection Against Victimisation

For disclosures which qualify for protection under the Whistleblower Protection Regime, it is unlawful for a person to:

- (a) engage in conduct that causes any detriment to an Eligible Whistleblower or another person because the person engaging in the conduct believes or suspects that the Eligible Whistleblower or another person made, may have made, proposes to make, or could make, a protected disclosure under the Whistleblower Protection Regime; or
- (b) make a threat (whether express or implied, conditional or unconditional, intentional or reckless) to cause any detriment to an Eligible Whistleblower or another person because the Eligible Whistleblower or another person has made, or may make, a protected disclosure.

For the purposes of this Policy, detriment includes dismissal, injury or harm, demotion, discrimination, harassment or intimidation, threats, damage to property, reputation or a person's business or financial position or other unfavourable treatment connected with making a disclosure.

If a person suffers detriment or threatened detriment by another person's conduct that is in contravention of the Whistleblower Protection Regime, the person may apply to the court for an order of compensation or another remedy against those involved.

Some actions are not detrimental conduct. For example, administrative action that is reasonable to protect an Eligible Whistleblower from detriment and managing an Eligible Whistleblower's unsatisfactory work performance, where this is in line with Crown's performance management framework.

#### 6.4. Additional Protections for Eligible Whistleblowers

For disclosures which qualify for protection under the Whistleblower Protection Regime, Eligible Whistleblowers are afforded the following protections:

- (a) the Eligible Whistleblower will not be subject to any civil, criminal or administrative liability (including disciplinary action) for making the disclosure;
- (b) no contractual or other remedy may be enforced, and no contractual or other right may be exercised, against the Eligible Whistleblower on the basis of the disclosure;
- (c) if the disclosure was a disclosure of information to ASIC or APRA (for the purposes of the *Corporations Act*) or to the Commissioner of Taxation (for the purposes of the *Tax Act*), the information is not admissible in evidence against the person in criminal proceedings or in proceedings for the imposition of a penalty, other than proceedings in respect of the falsity of the information disclosed; and
- (d) if the Eligible Whistleblower or another person suffers detriment, as set out in section 6.3 of this Policy, the individual may be entitled to compensation or other remedies.

These protections do not however grant immunity for any misconduct an Eligible Whistleblower has engaged in that is revealed in their disclosure.

Disclosures that qualify for protection under the Whistleblower Protection Regime may also amount to the exercise of a workplace right. Crown and its employees are prohibited under the *Fair Work Act 2009* (Cth) from taking adverse action against employees or contractors because they exercised or propose to exercise any workplace rights.

#### 6.5. Vexatious and Deliberately False Disclosures

An Eligible Whistleblower will only be protected by Crown if they have objectively reasonable grounds to suspect that the information that they disclose concerns misconduct or an improper state of affairs or circumstances or other conduct falling within the scope of the Whistleblower Protection Regime.

The protections available under the Whistleblower Protection Regime will not extend to deliberately false or vexatious disclosures or complaints. Deliberately false disclosures are those that an Eligible Whistleblower knows to be untrue. A vexatious or deliberately false disclosure, however, does not include situations where an Eligible Whistleblower reasonably suspects misconduct, but their suspicions are later determined to be unfounded.

Nevertheless, if any investigation of a disclosure demonstrates that it was not made on objectively reasonable grounds, it will not be protected.

Depending on the circumstances, it may be appropriate for Crown to take disciplinary action (including termination of employment) against any person who does not have objectively

reasonable grounds for their disclosure. This is to protect the reputations not only of Crown but of individuals who may have been unfairly named in the false disclosure.

## 7. Consequences for Breach of this Policy

All employees of Crown are responsible for understanding and complying with this Policy.

Breach of this Policy may be regarded as misconduct and may lead to disciplinary action up to and including termination of employment or engagement, as applicable.

In particular, Eligible Recipients must be aware of their obligations under the Whistleblower Protection Regime to maintain confidentiality of the identity of an Eligible Whistleblower and any information that would lead to the identification of an Eligible Whistleblower, unless one of the exceptions apply as outlined in section 6.2 of this Policy.

## 8. Access to this Policy

This Policy will be made available at <https://www.crownresorts.com.au/Corporate-Governance/Policies> and through the relevant Crown intranet pages.

## 9. Reporting to the Risk Management Committee

The Crown Resorts Limited Risk Management Committee will be provided with periodic updates of matters reported under this Policy, having regard to the obligations of confidentiality set out in this Policy.

## 10. Regular Review of Policy

This Policy will be reviewed by the Crown Resorts Limited Risk Management Committee as required from time to time to ensure it remains consistent with Crown's objectives and regulatory requirements and recommendations.

**Crown Resorts Limited**  
[December] 2019

**13.1**



# Crown Resorts Limited

## Memorandum

---

**To:** The Board of Directors  
**From:** Mary Manos  
**Date:** 6 December 2019  
**Subject:** **Delegations Policy**

---

Dear Directors

At the June 2019 Board meeting, on the recommendation of the Risk Management Committee, the Board considered and approved a Delegations Policy (the **Policy**).

As noted in the 4 December 2019 Risk Management Committee minutes included at agenda item 12.4, the Risk Management Committee was presented with and considered a revised draft Policy for adoption by Crown.

A small number of operational challenges have been encountered since the Policy became effective and, in this respect, minor amendments have been made to the Policy which have been presented to the Risk Management Committee and recommended to the Board for approval.

The amendments specifically relate to the following two items:

- In many cases, and by Law in Victoria, retail leases are for a term over 5 years so that the capital investment in furniture and fixtures can be amortised over a longer period of time. Under the Policy, these leases require approval of the Board because of the length of the term whereas in the past they would have been signed by the business. The individual value of each lease is well within the other limits of the Policy. The business is seeking an exemption from Board approval in order to effectively continue to manage leases.
- With IT software contracts, in a number of instances, perpetual licences are included in service or equipment contracts. In many cases, the licence arrangements are not the main purpose of the contract, but an operational requirement. The business is seeking an exemption from Board approval for these contracts when all other parameters are within the other Policy limits.

Attached is an amended Policy showing the proposed changes for the Board's consideration.

If the Board supports the proposal, it is proposed that the Board approved the revised Policy.



# Crown Resorts Limited Delegations Policy

Crown Resorts Limited ACN 125 709 953  
A public company limited by shares



Table of contents		page
1.	Introduction .....	1
2.	Purpose .....	1
3.	Policy .....	1
4.	Processes .....	2
5.	Board Delegated Authority .....	2
5.1.	Transactions or Commitments requiring Board approval .....	2
5.2.	Delegated Authority .....	2
5.3.	Unlimited Authority .....	3
5.4.	Exceptions to term of contract requirement .....	3
6.	Amendment and Review .....	3

## 1. Introduction

This Delegations Policy (**Policy**) sets out the circumstances under which the Board may delegate its responsibilities.

Delegations of authority are the mechanisms by which Crown Resorts Limited (**Crown** or the **Company**) enables officers of Crown to act on its behalf.

This Policy will be adopted by relevant entities that form part of the Crown group.

## 2. Purpose

The purpose of this Policy is to establish a framework for delegating authority within Crown.

This Policy applies to all members of the Board and the staff of Crown who have delegated authority to act for, and to sign documents on behalf of, Crown.

Delegations of authority within Crown are intended to achieve the following objectives:

- to ensure the efficiency and effectiveness of the organisation's day to day activities;
- to support effective risk management in decision making;
- to ensure that the appropriate officers have been provided with the level of authority necessary to discharge their responsibilities;
- to ensure that delegated authority is exercised by the most appropriate and best-informed individuals within the organisation; and
- to ensure internal controls are effective.

## 3. Policy

The Board of Crown is responsible for overseeing the management of the business of the Company and it may exercise all the powers of the Company which are not required by the Corporations Act and the Constitution to be exercised by the Company in general meeting.

The Board may delegate all matters which are not matters reserved for the Board.

The CEO:

- is charged with the duty of promoting the interests and furthering the development of Crown;
- is responsible for the administrative, financial, and other business of Crown; and
- exercises a general supervision over the staff of Crown,

in accordance with the terms of appointment of the CEO.

The CEO may delegate any function or any power or duty conferred or imposed on her or him, to any member of the staff of the organisation, or any committee of the organisation, although they will retain ultimate responsibility for those actions.

## 4. Processes

The overarching Policy applies to Crown as a whole, and entities within the organisation must align their delegations policies with this central policy.

Any delegation may be made subject to any conditions and limitations as the Board shall approve from time to time.

## 5. Board Delegated Authority

This section sets out the Board’s delegation of its authority in relation to making, approving and/or entering into:

- operational, recruitment and performance management decisions; and
- financial transactions,

**(Transactions or Commitments).**

### 5.1. Transactions or Commitments requiring Board approval

Approval of the Board is required for Transactions or Commitments with:

- a total value of \$10,000,000 (excluding GST) or greater (excluding any options to renew);
- an annual value of \$5,000,000 (excluding GST) or greater; or
- a term of greater than five years (excluding any options to renew).

For the avoidance of doubt, approval of the Board is not required for any payments contemplated by a Transaction or Commitment where the Board has previously approved entry into the Transaction or Commitment in accordance with this Policy.

### 5.2. Delegated Authority

Within the limits of Sections 3 and 5.1 above, Transactions or Commitments may be approved in accordance with the below table.

Category	Value/Commitment (excluding GST)	Authorised Personnel
1	\$5,000,000 to \$9,999,999	Any two of the following: <ul style="list-style-type: none"> <li>• Director</li> <li>• CEO</li> <li>• CFO</li> <li>• Company Secretary</li> </ul>

13.2

2	\$1,000,000 to \$4,999,999	Any one of the following: <ul style="list-style-type: none"> <li>• CEO</li> <li>• CFO</li> <li>• Company Secretary</li> <li>• Director (only for contract execution when one the above personnel are unavailable)</li> </ul>
3	Up to \$999,999	As set out in the Delegations Schedule approved by the CEO from time to time.

The Board may put in place appropriate powers of attorney in support of the above.

### 5.3. Unlimited Authority

The Board delegates to the CEO, CFO and/or the Company Secretary **unlimited** authority to approve:

- any statutory, contractual or standard operating related payments, including payroll, superannuation, utilities, tax, intercompany transactions and Board approved or scheduled contractual payments;
- all gaming patron transactions and internal cash transactions subject to any regulatory restrictions; and
- recruitment and performance management decisions and matters, other than those that are required to be considered by the Nomination and Remuneration Committee.

### 5.4. Exceptions to term of contract requirement

The Board delegates to the CEO, CFO and/or the Company Secretary authority to approve contracts beyond a term of five (5) years in the following circumstances:

- Rental leases where by law the term of the contract must be 5 years or over, but the total value of the contract remains under \$10M.
- IT software licenses where the annual value of the contract is under \$5M, the total value of the contract remains under \$10M, and we have the right to terminate the contract

## 6. Amendment and Review

The Board must review this policy on an annual basis to ensure it remains consistent with its objectives, the Constitution and existing regulatory requirements and recommendations.

**Crown Resorts Limited**

~~June-November~~ 2019



**AGENDA ITEM 14:**  
Other Business



# Crown Resorts Limited

## Memorandum

---

**To:** The Board of Directors  
**From:** Ken Barton  
**Date:** 6 December 2019  
**Subject:** **Review of Statutory Auditor**

---

Dear Directors

At its meeting on 4 December 2019, the Audit and Corporate Governance Committee considered a proposal that a tender process be undertaken to consider alternative statutory auditors for Crown.

A copy of the paper that was presented to the Audit and Corporate Governance Committee is attached.

As noted in the Minutes of Meeting of the Committee at item 12.1, having regard to the matters set out in the paper, the Committee **RESOLVED** that it be recommended to the Board that a tender process be undertaken to consider alternative statutory auditors for Crown.

It is proposed that the Board adopt the recommendation of the Committee.

Kind regards

Ken Barton  
**Chief Financial Officer and CEO Digital**

14.1



## Audit & Corporate Governance Committee Memorandum

**To:** Audit & Corporate Governance Committee

**From:** Ken Barton

**Date:** 29 November 2019

**Subject:** **Review of Statutory Auditor**

The purpose of this paper is to review the current arrangements for the audit of Crown's accounts and, in particular, to determine whether Crown should consider going to tender for its statutory auditor.

For the reasons outlined in this paper, management recommends that a tender process be undertaken to consider alternative statutory auditors for Crown.

### Background

Ernst & Young (EY) has been Crown's statutory auditor since the PBL demerger in 2007. Prior to the demerger, EY was Crown's auditor since its inception in 1994. Throughout this entire period, EY has also provided Crown with non-audit services, largely comprised of tax advisory services.

For a number of years, proxy advisers and shareholder advocates have raised concerns over the level of non-audit fees paid to EY. Proxy advisers believe that a 'large imbalance' in non-audit fees could have an actual or perceived impact on the independence of an auditor. A summary of the views expressed by these organisations is as follows:

- CGI Glass Lewis takes the view that non-audit fees should not exceed audit fees, and will hold the Chair of the Audit Committee accountable for ensuring this is the case. As a result, CGI recommended shareholders vote against the re-election of Helen Coonan at the 2019 AGM.
- ISS believes that the 'excessive' level of non-audit fees paid to EY by Crown gives rise to 'governance concerns for shareholders'. Crown currently has the lowest score for governance on ISS' Governance Profile (10 – measuring "higher risk"), with "Audit & Risk Oversight" one of ISS' key governance quality score metrics, for which Crown is rated 9. ISS has encouraged shareholders to engage with Crown directly on this matter in the past. A score of 1 indicates lower governance risk, while a 10 indicates higher governance risk versus its index or region.
- Ownership Mattes and ACSI have also raised concerns that the 'bulk of fees' received by EY have been for non-audit services, largely relating to tax advice.

- In past years the Australian Shareholders Association has also referred to the 'significant' fees being paid to EY for non-audit work and has expressed a concern that this could lead to a perception regarding the independence of the auditor.

In August 2019, ASIC issued Crown with a letter requesting information in relation to the quantum of non-audit services provided by EY in F17 & F18, particularly to determine if those services were compatible with the general standard of independence and/or may have compromised the auditor independence requirements. Crown provided ASIC with a comprehensive response in early September 2019 as to why the provision of non-audit services did not compromise the independence of the external auditor. Crown has not yet heard back from ASIC.

#### **Ratio of Audit to Non-audit Services**

The benchmark in determining auditor independence which has been set by shareholder advisory groups is that the ratio of audit to non-audit fees be 1:1.

Crown has placed a significant reliance on EY to assist in taxation related matters and therefore the quantum of non-audit services provided by EY has always been greater than the quantum of audit services.

While the quantum of tax advisory fees has declined over time, it is expected that these fees will continue to be in the region of \$2.5-3 million per annum and therefore the ratio will exceed the expected level. Given EY's long standing relationship with the group and its deep understanding of tax matters, it is Crown's preferred position to continue to utilise the taxation advisory services of EY.

#### **Audit Fees**

Over the past twelve months, EY has twice proposed significant increases to the base audit fees due to low recovery rates.

According to EY's historical fee analysis, total audit hours on the Crown engagement have almost tripled over the past 5 years, increasing from 3,241 in F14 to 9,240 hours in F19. Over the same period, Crown has simplified its business with the divestment of its interests in Melco, CrownBet and Ellerston and the sale of the Alon land. The areas of potential audit risk have also been largely addressed. Despite the simplification of Crown's operations, EY's audit hours have increased significantly. This may, in part, reflect additional procedures to satisfy increasing regulatory compliance requirements, a new approach adopted by EY, or potential audit inefficiencies.

#### **Tender Process**

Having regard to the above, it is proposed that, a tender process be undertaken to consider alternative external auditors for Crown. This would involve Crown inviting a select number of audit firms (PwC, KPMG and Deloitte) to submit a proposal to Crown which would involve a detailed review by the tenderers of Crown's historical audit processes and issues.

If the Committee, and ultimately the Board, agrees with this proposal to undertake a tender process, this will first be discussed with the EY audit team and other representatives of EY.



At the conclusion of the tender process, should it be decided that Crown appoint an alternative external auditor, this would require approval of the members at Crown's Annual General Meeting.

#### **Legal Requirements for the Replacement of an Auditor**

The *Corporations Act 2001* (Cth) sets out the process to be adopted should a company determine that it wishes to replace its auditor.

There are two options. The first is that Crown may seek to remove the auditor at an annual general meeting, or alternatively, the auditor may resign from office following consultation with the company. The second option is obviously preferable.

As with director appointments, should an auditor resign prior to an annual general meeting, the directors of a company can appoint a new auditor to fill the casual vacancy created with that appointment requiring approval of members at the next AGM.

There are various notice and consent requirements which would also need to be met.

A change in auditor must also be announced to the market.

#### **Decision of the Committee**

Having regard to the above, it is recommended that the Committee propose to the Board that a tender process be undertaken to consider alternative statutory auditors for Crown.

Kind Regards

Ken Barton  
**Chief Financial Officer and CEO Digital**



# Crown Resorts Limited

## Memorandum

---

**To:** The Board of Directors

**From:** Mary Manos

**Date:** 6 December 2019

**Subject:** **Crown Sydney Committee**

---

Dear Directors

### Committee Composition

Following Geoff Dixon's retirement at the conclusion of the 2019 Annual General Meeting, the members of the Crown Sydney Committee comprise of Helen Coonan, Jane Halton and John Horvath.

It is proposed that John Horvath be appointed as Chair, and Michael Johnston be appointed as a member, of the Crown Sydney Committee. The proposed members have been consulted and have agreed to take on the additional role.

It is proposed that the Board resolve to update the Crown Sydney Committee composition as set out above.

### Committee Meetings

Having regard to the 2021 opening date for Crown Sydney, it is proposed that meetings of the Committee be held monthly commencing in 2020.

The table below sets out the proposed Committee meeting dates and times for 2020. Could each of the Committee members please review the proposed dates and let Liz or me know if these dates are not suitable.

DATE	TIME	LOCATION
Wednesday, 5 February	10.00am – 11.00am	Teleconference
Wednesday, 4 March	10.00am – 11.00am	Teleconference
Wednesday, 1 April	9.00am – 10.00am	Teleconference
Wednesday, 6 May	10.00am – 11.00am	Teleconference
Wednesday, 3 June	10.00am – 11.00am	Teleconference
Wednesday, 1 July	10.00am – 11.00am	Teleconference
Wednesday, 5 August	10.00am – 11.00am	Teleconference
Wednesday, 2 September	9.00am – 10.00am	Teleconference
Wednesday, 7 October	9.00am – 10.00am	Teleconference
Wednesday, 4 November	10.00am – 11.00am	Teleconference

DATE	TIME	LOCATION
Wednesday, 2 December	9.00am – 10.00am	Teleconference

Kind regards

Mary Manos  
**General Counsel & Company Secretary**



# Crown Resorts Limited

## Memorandum

---

**To:** The Board of Directors  
**From:** Mary Manos  
**Date:** 6 December 2019  
**Subject:** **Crown Group Subsidiary Annual Reviews**

---

Dear Directors

All of Crown's Australian subsidiaries have a review date of 25 October. The directors of each company must meet within two months of the review date to resolve that the company remains solvent.

With the exception of Crown Melbourne Limited and Burswood Limited (for which meetings have already been held and resolutions passed), it is proposed that meetings of all Australian subsidiaries be held as part of the Crown Resorts Limited Board meeting so that relevant resolutions set out in the Annexure can be passed.

I will liaise with directors individually to obtain signed records of relevant meetings.

Kind regards

Mary Manos  
**General Counsel & Company Secretary**

14.3

## Annexure

---

**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 two 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 2019.

**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.



# Crown Resorts Limited

## Memorandum

---

**To:** The Board of Directors  
**From:** Mary Manos  
**Date:** 6 December 2019  
**Subject:** **Arrangements for Board Strategy Day**

---

Dear Directors

The Crown Resorts Board Strategy Day is scheduled to be held on Friday, 20 March 2020, with details set out below.

**Crown Resorts Board Strategy Meeting**

10.00am – 2.00pm

Crown Sydney Project Office, Level 26, AON Tower, 201 Kent Street Sydney

**Crown Sydney Site Tour**

2.00pm – 3.30pm

Leaving from Level 26, AON Tower, 201 Kent Street Sydney

For the Site Tour of Crown Sydney, all visitors are required to undertake a safety briefing and be fitted out in the compulsory safety clothing before being escorted to the construction site.

As this is a working site, the safety equipment listed below is mandatory for each visitor to wear and will be supplied by Crown Sydney. Could directors please advise Liz Hanrahan of their shoe size in advance of the Site Tour so that the correct boots are ready.

The following safety gear will be provided by Crown Sydney for the purposes of the Site Tour: boots (socks are not provided and strongly recommended); hard hat; high-vis vest or jacket; glasses; and gloves

It is recommended that directors wear socks, long pants and long sleeve tops for the site tour. Overly loose clothing is not recommended.

Bulky items such as bags, briefcases, laptops, iPads are not permitted onsite and will be securely stored at the Crown Sydney office prior to departing for the tour.

Kind regards

Mary Manos

**General Counsel & Company Secretary**



# Crown Resorts Limited

## Memorandum

---

**To:** The Board of Directors

**From:** Mary Manos

**Date:** 6 December 2019

**Subject:** **Future Meetings and Proposed 2021 Calendar**

---

Dear Directors

The proposed 2021 Master List is set out in the table below.

Dates for Board meeting have been agreed. We have now incorporated dates for Committee meetings on a basis consistent with what we have done in the past.

Could directors please review the **committee meeting dates** and let us know if these are suitable.

We will commence sending out the calendar invitations for the Board meetings following the meeting on Thursday so that the dates are in your calendars. Committee meetings will follow once settled.

DATE	MEETING	LOCATION
Tuesday, 2 February	10.00am: Crown Melbourne Audit Committee 11.00am: Crown Melbourne Compliance Committee	Crown Melbourne
Friday, 5 February	10.00am: Crown Resorts Nomination & Remuneration Committee	Teleconference
Tuesday, 9 February	10.00am: Crown Resorts Occupational Health & Safety Committee 11.00am: Crown Resorts Responsible Gaming Committee 12.00pm: Crown Melbourne Board	Crown Melbourne
Wednesday, 10 February	10.00am: Crown Resorts Risk Management Committee 11.00am: Crown Resorts Audit Committee 12.30pm: Crown Resorts Corporate Responsibility Committee 1.30pm: Crown Resorts Foundation	Crown Melbourne
Thursday, 11 February	8.00am (Perth): Burswood Limited (Crown Perth) Board	Crown Perth

14.5

DATE	MEETING	LOCATION
Wednesday, 17 February	10.00am: Crown Resorts Board (Half Year Results)	Crown Melbourne
Thursday, 18 February	Crown Resorts Half Year Results Announcement	Crown Melbourne
Wednesday, 24 March	10.00am: Crown Resorts Responsible Gaming Committee	Teleconference
Wednesday, 14 April	10.00am: Crown Resorts Board	Crown Melbourne
Tuesday, 1 June	10.00am: Crown Melbourne Audit Committee 11.00am: Crown Melbourne Compliance Committee	Crown Melbourne
Tuesday, 8 June	4.00pm: Crown Melbourne Board	Crown Melbourne
Wednesday, 9 June	10.00am: Crown Resorts Risk Management Committee 11.00am: Crown Resorts Occupational Health & Safety Committee 12.00pm: Crown Resorts Responsible Gaming Committee	Crown Melbourne
Thursday, 10 June	8.00am (Perth): Burswood Limited (Crown Perth) Board	Crown Perth
Tuesday, 15 June	10.00am: Crown Resorts Board (Financial Plan & Budget)	Crown Melbourne
Tuesday, 3 August	10.00am: Crown Melbourne Audit Committee 11.00am: Crown Melbourne Compliance Committee	Crown Melbourne
Friday, 6 August	10.00am: Crown Resorts Nomination & Remuneration Committee	Teleconference
Tuesday, 10 August	10.00am: Crown Resorts Occupational Health & Safety Committee 11.00am: Crown Resorts Responsible Gaming Committee 12.00pm: Crown Melbourne Board	Crown Melbourne
Wednesday, 11 August	10.00am: Crown Resorts Risk Management Committee 11.00am: Crown Resorts Audit Committee 12.30pm: Crown Resorts Corporate Responsibility Committee 1.30pm: Crown Resorts Foundation	Crown Melbourne
Thursday, 12 August	8.00am (Perth): Burswood Limited (Crown Perth) Board	Crown Perth
Tuesday, 17 August	10.00am: Crown Resorts Board (Full Year Results)	Crown Melbourne
Wednesday, 18 August	Crown Resorts Full Year Results Announcement	Crown Melbourne
Wednesday, 1 September	10.00am: Crown Resorts Audit Committee (Approval of Financials) 10.30am: Nomination & Remuneration Committee (Approval of Remuneration Report) 11.00am: Crown Melbourne Board (Approval of Financials)	Teleconference
Wednesday, 8 September	9.30am: Crown Resorts Board (Approval of Annual Report)	Teleconference



DATE	MEETING	LOCATION
Wednesday, 6 October	10.00am: Crown Resorts Responsible Gaming Committee	Teleconference
Wednesday, 20 October	4.00pm: Crown Resorts Board (Pre AGM)	Crown Melbourne
Thursday, 21 October	10.00am: Crown Resorts AGM	Crown Melbourne
Tuesday, 23 November	10.00am: Crown Melbourne Audit Committee 11.00am: Crown Melbourne Compliance Committee	Crown Melbourne
Tuesday, 30 November	4.00pm: Crown Melbourne Board	Crown Melbourne
Wednesday, 1 December	10.00am: Crown Resorts Risk Management Committee 11.00am: Crown Resorts Occupational Health & Safety Committee 12.00pm: Crown Resorts Responsible Gaming Committee	Crown Melbourne
Thursday, 2 December	8.00am (Perth): Burswood Limited Board	Crown Perth
Wednesday, 8 December	9.30am: Crown Resorts Foundation Board	Crown Melbourne
Wednesday, 8 December	10.00am: Crown Resorts Board	Crown Melbourne

Kind regards

Mary Manos  
**General Counsel & Company Secretary**



**AGENDA ITEM 15:**  
**“In Camera” Session**



# Crown Resorts Limited

## Memorandum

---

**To:** The Board of Directors  
**From:** Mary Manos  
**Date:** 6 December 2019  
**Subject:** **"In Camera" Session**

---

Dear Directors

The purpose of this session is for directors to meet in the absence of management.

Kind regards

Mary Manos  
**General Counsel and Company Secretary**

# Results to 8 December 2019



Consolidated Profit & Loss	FINANCIAL YEAR TO DATE						
	Actual	Budget	Variance		Last Year	Variance	
<u>EBITDA @ Theoretical</u>	A\$'000	A\$'000	A\$'000	%	A\$'000	A\$'000	%
Melbourne - Local	236,105	238,955	(2,850)	(1.2%)	246,156	(10,050)	(4.1%)
Melbourne - VIP Program	(1,126)	27,790	(28,916)	(104.1%)	34,921	(36,048)	(103.2%)
Crown Melbourne	234,979	266,745	(31,766)	(11.9%)	281,077	(46,098)	(16.4%)
Perth - Local	104,224	96,250	7,975	8.3%	104,374	(150)	(0.1%)
Perth - VIP Program	2,985	2,625	361	13.7%	(1,851)	4,836	261.3%
Crown Perth	107,210	98,874	8,335	8.4%	102,523	4,687	4.6%
Crown Aspinalls	3,187	3,184	3	0.1%	6,254	(3,066)	(49.0%)
Wagering & Online	12,467	12,238	229	1.9%	6,810	5,657	83.1%
Corporate	(22,639)	(22,700)	60	0.3%	(25,014)	2,374	9.5%
<b>TOTAL EBITDA @ Theoretical</b>	<b>335,203</b>	<b>358,342</b>	<b>(23,138)</b>	<b>(6.5%)</b>	<b>371,650</b>	<b>(36,446)</b>	<b>(9.8%)</b>
Depreciation	(121,158)	(120,738)	(420)	(0.3%)	(123,158)	2,000	1.6%
Interest	467	920	(453)	(49.3%)	(7,899)	8,366	105.9%
Taxation	(64,148)	(71,356)	7,209	10.1%	(71,665)	7,518	10.5%
Equity Accounted Result	4,556	6,130	(1,574)	(25.7%)	5,938	(1,382)	(23.3%)
Minority Interest	(405)	(309)	(96)	(30.9%)	468	(872)	(186.5%)
<b>Crown NPAT @ Theo</b>	<b>154,516</b>	<b>172,988</b>	<b>(18,472)</b>	<b>(10.7%)</b>	<b>175,333</b>	<b>(20,817)</b>	<b>(11.9%)</b>
<u>EBITDA @ Actual</u>							
Crown Melbourne	282,876	266,745	16,131	6.0%	210,623	72,252	34.3%
Crown Perth	110,874	98,874	11,999	12.1%	118,877	(8,003)	(6.7%)
Crown Aspinalls	2,689	3,184	(495)	(15.6%)	392	2,297	586.7%
Wagering & Online	12,467	12,238	229	1.9%	6,810	5,657	83.1%
Corporate	(22,639)	(22,700)	60	0.3%	(25,014)	2,374	9.5%
<b>TOTAL EBITDA @ Actual</b>	<b>386,265</b>	<b>358,342</b>	<b>27,924</b>	<b>7.8%</b>	<b>311,687</b>	<b>74,578</b>	<b>23.9%</b>
<b>Crown NPAT @ Actual</b>	<b>190,210</b>	<b>172,988</b>	<b>17,222</b>	<b>10.0%</b>	<b>132,774</b>	<b>57,436</b>	<b>43.3%</b>

## Trading Update – Australian Resorts to 8 December 2019



### Australian Resorts

- Melbourne and Perth combined theoretical EBITDA is tracking below budget by \$23.4m or 6.4% YTD due to a soft results in Program Play in Melbourne (down \$28.9m). Perth Local Business is above budget by 8.3% with Melbourne Local slightly down on budget by 1.2%.

### Crown Melbourne

- **Theoretical EBITDA** is below budget by \$31.8m or 11.9% largely due to Program Play, down \$28.9m;
- **Local Business** is tracking below budget by \$2.9m or 1.2% with strong YTD results in machines offset by poor hold in tables costing \$5.7m in contribution YTD;
- **Table Games** contribution is below budget by \$4.4m or 2.9% with volumes in line with budget and 3.5% above the prior year. Hold is tracking below budget costing \$5.7m in contribution YTD;
- Main Floor volumes are 3% above budget with solid performance in both traditional tables and eTGs while Premium volumes are up 1% to budget driven by the Maple Room (+8%) offset by lower Mahogany Room (-4%);
- Patron hours are slightly below expectations with the Main Floor (ex Poker) and eTGs -1% to budget and Premium -2% below budget;
- **Gaming Machines** has been strong with turnover 5.7% above budget and 9.5% up on the prior year. Hold is tracking slightly below budget resulting in contribution being \$1.4m or 1.4% above budget YTD;
- Main Gaming Floor (MGF) trade continues its recent trend with volumes 3% up on budget and 5% up year-on-year, with patron hours flat to budget and 3% above prior year. ■
- Premium areas have performed strongly YTD with Teak Room turnover 5% above budget driven by very strong patron hours (up 13% on budget) and Mahogany Room turnover 11% above budget;
- Construction of 2x Dragon Dens in Main Floor West (83 machines) is complete and expanded Teak Room non-smoking offer continues to perform well and additional product launched or expanded including All Aboard and Repeat Fever (Konami), Mighty Coin (Aristocrat), Welcome to Fantastic Jackpots (Aristocrat) and Scarab (IGT);
- The F20 H1 Product Refresh Plan is well underway with 580 of the targeted 750 new machines to be installed by 31 December.

## Trading Update – Australian Resorts to 8 December 2019



- **Food & Beverage** YTD contribution is in line with budget;
- Events & Conferencing and Casual Restaurants have performed above expectations while Premium Restaurants have been impacted by lower junket activity, impacting Silks and Koko in particular. Bars and Clubs are tracking marginally behind.
- The Aviary has generated \$3.6m in revenue so far this FY. The closure of The Atlantic function rooms in Docklands has also provided additional unbudgeted revenues. E&C revenue is \$2.1m or 7% up on budget YTD;
- Bars were positively impacted by the UFC in Melbourne (6 October) and the USA v AUS basketball games during August, while the Spring Racing Carnival was down on expectations;
- **Hotels** have been impacted by less high-end VIP activity, particularly affecting Towers and Villas resulting in contribution YTD being below budget by \$0.5m or 1.2%.
- Lower midweek activity (Corporate, Groups and Wholesale) has pulled occupancy back, although increased Leisure volumes (+12%) has seen average rates hold up well;
- The overall occupancy results have been broadly in line with the premium market, with the main segment changes being reduced Corporate and Group activity. There has been a noticeable drop in VIP Gaming room nights, partly offset by stronger Leisure business;
- YTD occupancy is Towers 94.2% (down 2.5% on budget), Metropol 93.0% (down 1.0%), Promenade 93.4% (down 4.2%) and Villas 65.8% (down 4.8%). Overall occupancy is down 1.9% on last year, while the premium market is also down 2.0%.
- Average rates, however are tracking solidly with Towers down just 0.2%, Metropol up 0.6% and Promenade up 3.3%, Villas is down 9%. Overall rate excluding Villas is 1.0% above budget and 1.3% above last year, while the market is up just 0.3% on last year;
- **Support Departments** are slightly favourable to budget YTD.

## Trading Update – Australian Resorts to 8 December 2019



### Crown Perth

- **Theoretical EBITDA** is above budget by \$8.3m or 8.4% with strong results across the Local Business and some better volumes in Program Play in recent weeks, albeit off a low base;
- Although local economic conditions in WA remain challenging, our various value propositions combined with some strong external events and Theatre shows have contributed to results exceeding expectations YTD. The second half of the year is expected to be more challenging, particularly in Non-Gaming with no major Theatre shows or significant events on the calendar;
- **Local Business** is above budget by \$8.0m or 8.3% with all areas of the business trading above budget YTD;
- **Table Games** continues to see strong volumes, with contribution up \$1.7m or 5.5%. Volumes are up 3.3% on budget but still tracking below last year by 1.8%. Hold is slightly up on budget YTD;
- The Pearl Room is currently undergoing a refurbishment which will be completed in late December, expanding the customer dining experience and an enhanced table product offering to members. In-room promotions have proved successful (Golden Tuesdays, Lucky Streak and \$20k Giveaway) along with an improved guest policy and hosting experience. November was the first month of F20 where volumes outperformed both budget and prior year.
- Main Gaming Floor traditional products continue to increase volumes, ahead on both budget and prior year. Patron visitation has improved 3.6%, while the focus on operational efficiencies has seen open hours down 3.9%
- Electronic Table Games (eTGs) continue to perform well with the introduction of Quartz screens and Premium Economy eTGs in Q3 expected to further enhance customer experience and product performance with eTG volumes ahead of both budget and prior year.
- **Gaming Machines** is also performing strongly with contribution up on budget by \$2.0m or 2.4%;
- MGF volumes have remained strong through the start of F20 driven by increased visitation from the silver and member loyalty tiers along with the unrated casual infrequent customer;
- Positive results in the Riverside Room have continued into F20, with revenue in this area up 6% on the prior year. This is consistent with increased patron volumes following a series of refinements to the in-room experience and promotional calendar;
- Similar to Pearl Room tables, premium activity has shown some positive signs in recent months and has come on the back of increased customer volumes.
- A strong suite of new games developed under the recently approved updated regulations are planned for rollout across the remainder of the year, including the highly successful Aristocrat Lightning Link product and All Aboard from Konami. These games along with others will increase the number of multi-denomination games available and support the value message across the floor.

## Trading Update – Australian Resorts to 8 December 2019



- **Food & Beverage** is trading strongly with contribution up on budget by \$1.4m or 13.8% aided by the key events at the stadium early in the year including Manchester United and the Bledisloe Cup combined with strong Theatre performances from the Book of Mormon;
- Covers are up compared to last year, however average check is down as customers seek the various value propositions and promotions on offer;
- **Conventions & Entertainment** is performing well with contribution up \$0.7m or 13.8% on budget;
- Convention numbers were strong in the first quarter with various conferences with high attendance numbers, however the second quarter has seen a drop in events and participant numbers;
- The Theatre has performed well with the biggest long running show of the year, The Book of Mormon, which concluded in November with a total attendance level of nearly 144,000. The new Theatre Bar Grab-and-Go setup is also proving popular with patrons;
- Also contributing to the result is the unbudgeted Pop Up Globe built in Carpark 4. The full-scale temporary structure housing 930 customers is a working replica of Shakespeare's theatre. Performances commenced in October with a YTD attendance of nearly 45,000; shows finished in early December;
- Hotels is also performing strongly in a tough market with contribution up on budget by \$1.7m or 9.5% aided by a strong stadium calendar of events in the early part of the year, with the Manchester United group in-house during July as well as the interstate visitors attracted to the Bledisloe Cup and a good base of Groups business;
- Leisure demand continues to improve with the recent school holiday period generating positive year on year growth for this segment;
- Occupancy is tracking ahead of budget in all three hotels. Rate continues to perform better than expected, particularly in Towers;
- The wider market conditions continue to face challenges with rate continuing to decline, driven by additional room inventory including the Art Series (250 rooms 4.5 star) and Ibis Styles (252 rooms 4-star) and the recently opened Ritz Carlton (205 rooms 5-star) in November.
- **Support Departments** are in line with budget YTD.



## Trading Update – Australian Resorts to 8 December 2019



### International Program Play

- **Melbourne Program Play** is very soft with theoretical contribution trading at a loss of \$1.1m YTD, well down on budget by \$28.9m .
- Turnover is down on budget by 45% and down on last year by 45% which has been diluted due to the strong win rate;
- The win rate has been a positive at 2.21% YTD resulting in a positive variance to theoretical of \$47.9m;
  
- **Perth Program Play** has had a better last few weeks, albeit off a very low base, with theoretical contribution above budget by \$0.4m or 13.7%.
- Turnover volumes are up on budget by circa 11%, with a win rate of 0.90%.



## **Crown Resorts**

Development Update

12 December 2019

Australia's

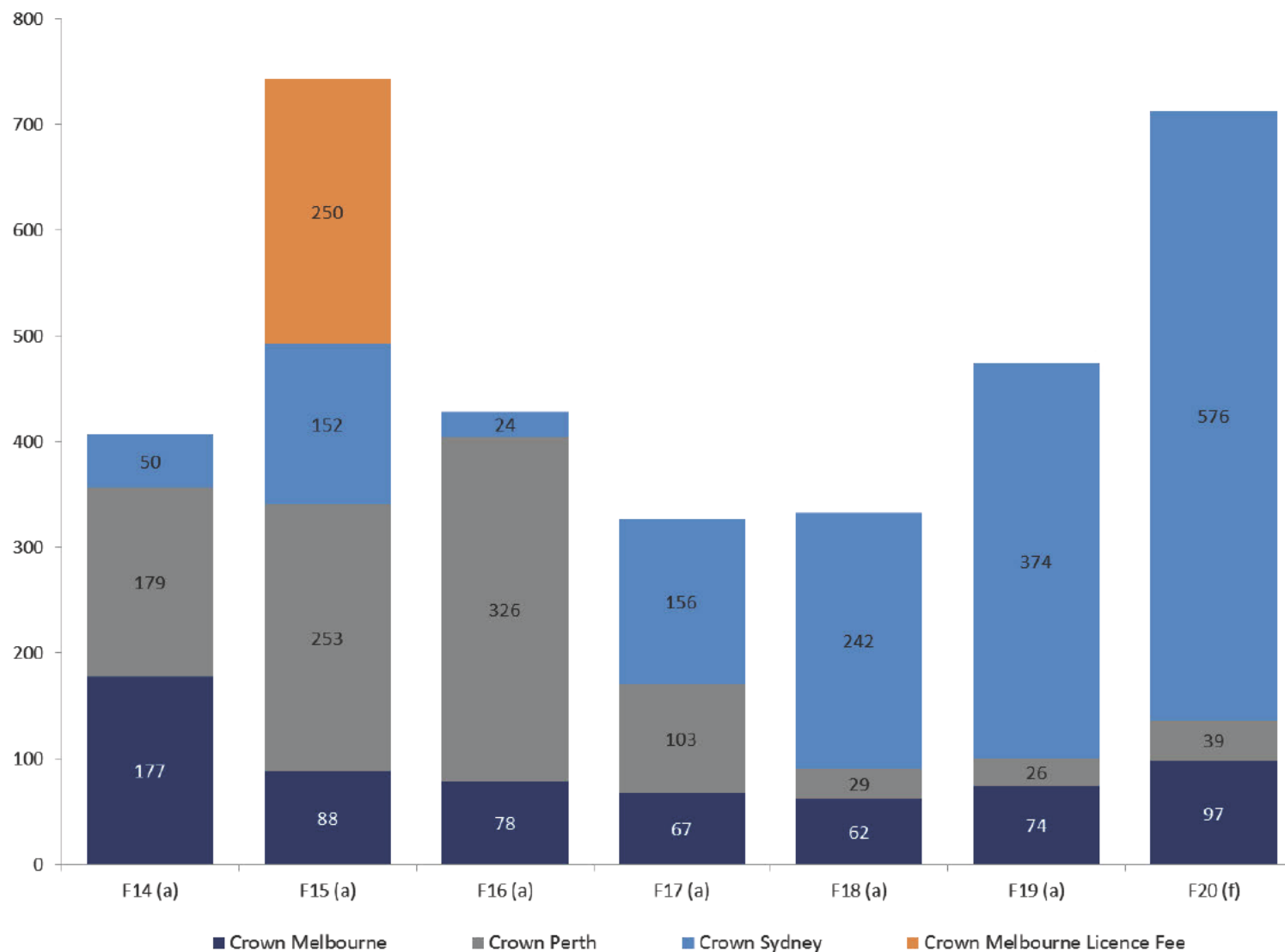
Integrated

Resort

Company

# Executive Summary

## Capital Investment Profile



Note: F18 to F20 Sydney Expenditure is net of forecasted apartment sale proceeds (\$28.8m F18, \$49.2m F19, \$28.4m F20)

---

## Crown Sydney

# Crown Sydney



# Crown Sydney

## Executive Summary



# Crown Sydney

## Current Pro Forma Property Estimate Scenarios



6%

# Crown Sydney

## Crown Residences | Residential Sales and Marketing



### Competitor Marketing

- The release of Lendlease's One Sydney Harbour and associated marketing and PR has created an increased awareness and number of enquiries in the Crown Residences.
- A number of potential buyers who were weighing up purchasing in either building are favouring Crown's more generous floor plans, service offering and delivery certainty.

### Media

- Financial Times How to Spend It
- Sunday Telegraph (Sydney)
- The Australian Mansion Magazine

### Event Calendar Highlights

#### November

- NSW Treasurer site visit and photos
- Robb Report: Culinary Masters and The Highball Bar
- CEO Magazine: CEO Executive of the Year Awards (Melbourne)
- Crown Artist Initiative Photography Exhibition Launch
- Knight Frank Hong Kong Buyer Events / Dinners

#### December

- Chris Wilkinson Buyer Evening
- Table Club event in marketing suite
- Knight Frank: Prime Insight Series – Australian Waterfront

#### January & February

- Sydney and Hong Kong CNY Media and Buyer Events

# FINANCIAL TIMES how to spend it

## get realty

Lisa Freedman checks out rarefied residences from Miami to Sydney

### Manifold reasons to move to Miami

Recently introduced financial incentives are encouraging migration to Miami, particularly from less favoured tax regions elsewhere in the US. But money is not the only motivation to relocate and the sunshine state, home to the world renowned Art Basel Miami, also has a global reputation for fine art and design – a reputation clearly underlined in its new residential offerings. Insights can take their pick from a raft of high-style condos, which include contributions from Miami master interior designer on North Beach, Eighty Seven Park (Eightysixpark.com, \$1.5m to \$1.8m), Poshier Place (poshier.com, \$1.5m to \$2.5m), and the French interior designer and Architectural Digest magazine Jean-Louis Deniset in Edgewater, Elysee Miami (elyseemiami.com, \$1.5m to \$2.5m), located by the city's top destination for shopping and art.



### Bauhaus arts meets brand new in New York

New York is getting a new high-rise landmark. Bauhaus Tower, a super-tall, super-thin skyscraper located in the city's Billionaires' Row at 111 West 57th Street. The development is an old-world new marriage of Bauhaus Hall – the glass manufacturer's showroom designed by Grand Central Station architect, Thomas H. Watson in 1925 – and a thoughtfully 21st-century tower by SHoP Architects. Parts of vintage can opt for one of the 14 condominiums in the listed house are unoccupied, while these towers are demolishing all they survey should adopt a more fragment like position in the sky. The tower apartments are large in scale and dramatic in outlook, but all the units enjoy over 20,000sq ft of luxury facilities, including a Bally Barches-style pool. The pricing (Eightysix.com from \$1.5m to \$1.8m) is anything but vintage, however, and in this respect, the building price is also international club where other members include London's One Hyde Park.



### Living the high life in Sydney

Ask any child to describe the Sydney skyline and they'll immediately conjure up the tall silhouette of the city's iconic Opera House. Now, however, a challenger is poised to set the landscape alight. One Opera House, designed by British firm WilkinsonEyre, has taken a modern twist in the developer to create a habitable work of art composed of three parallel structures that rise and meet to form a tower. The building is also breaking new ground in terms of location, helping to define a new spine East Darling Harbour, once an important maritime terminal, now 22 hectares of distance when living in the Central Business District. For those who want to enjoy city life at the top, the 42 One World Trade Center (Eightysix.com, from \$1.5m) not only offer the country's first six-star, fully serviced towers, but a grand perspective of Sydney Harbour and its celebrated attractions.



### Magnificent apartments in London

London is acquiring a unique, more affordable priced, flexible and offering in Regent's Corner, the city's first and only newly built Grade I listed street. The remaining behind the ancestral structures in that grand architectural curve, which face out from the northern end of Portland Place, is located by a painstakingly reconstructed facade designed in the early 19th century by Regency great John Nash. Behind its elegant, new facade properties buyers will discover 67 magnificent finished apartments and site executive will (Eightysix.com and carlisle.com, from £2.5m), all with exclusive access to the right across of gardens at Park Corner and Park Square, underground valet parking, a cinema, swimming pool and spa.

### Italy's upwardly mobile property trajectory

Italy has had rather a lumpy property tale in recent years – with a gaily drop of up to 30 per cent in prices since the financial crash – but top of the range living here has recently found much better footing due to demand from expats, which offers those taking up residence to pay a flat rate of €200,000 on their global income. Unsurprisingly, the hot price has seen a notable boost in demand from the world's wealthiest wishing to take advantage of this and other attractions and, as a result, properties over €1m are on an upward trajectory. Cornerstone buyers here – as always – favour luxury luxury spots such as Florence, where Savills is selling a charmingly restored 16th-century villa (carlisle.com) prior on request with original frescoes and 18 bedrooms of woodland, and Lake Como, where Sorbello's International Realty is offering a historic 16th-century villa (sorbello.com, €2.5m) overlooking the lake at Brunate.



# Crown Sydney

## Crown Residences | Impact of NSW Conveyancing Act Changes



Crown has updated its residential sales contracts and procedures as a result of recent changes to legislation arising under the Conveyancing Legislation Amendment Act 2018 and the Conveyancing (Sale of Land) Amendment Regulation 2019. The changes apply to residential off the plan contracts for sale entered into on and from 1 December 2019 only, and the legislation is not retrospective. The intention of these legislative changes is to provide stronger protections to off the plan purchasers.

The key changes impacting Crown are:

- **Option Fee / Deposit** – As of December 1 any money paid as a deposit or installment must now be retained in trust and cannot be released to the vendor before settlement. Crown has received deposits on sales to date of \$89.9m excluding GST, with a further \$8.6m (ex GST) to be paid on sales contracts entered into before 1 December 2019 (a total of \$98.5m due by 30 June 2020). This change in legislation results in a \$27.1m cash flow shortfall against our existing forecast.

***Not a material impact given the conservative nature of the cash flow forecasts, interest rates, and the early completion timing for the project.***

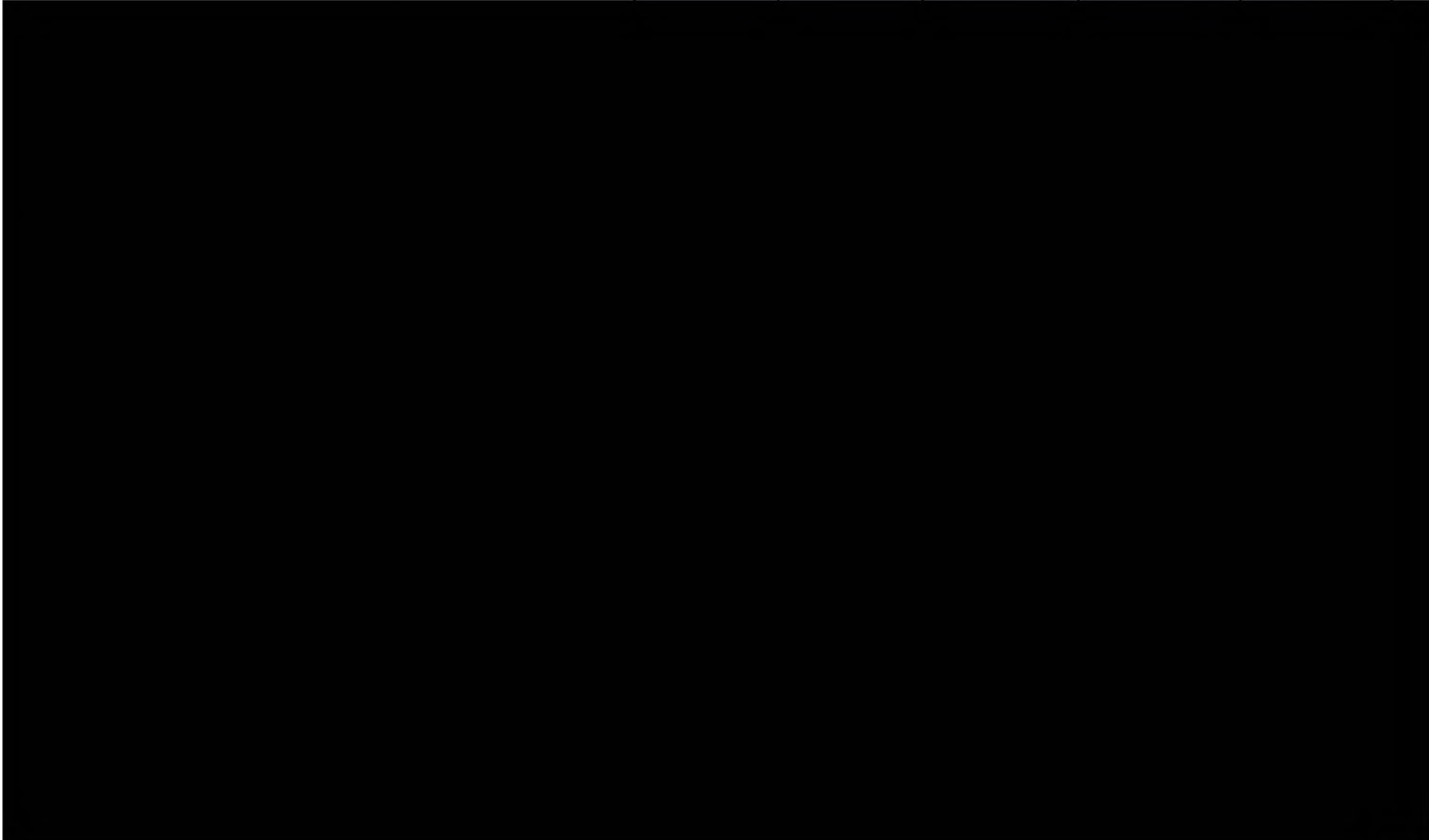
- **Notice of Changes and Right to Rescind or Claim Compensation** – Service of a Notice of Changes and registered strata plan and documents by Crown may trigger a purchaser's right to rescind the off the plan contract or claim compensation of up to 2% of the purchase price from Crown in circumstances where the change to a Material Particular (significant change to plans, finishes or services which the buyer was promised) means that the purchaser would not have entered into the contract had the purchaser been aware of that change; and the purchaser would be materially prejudiced by the change. Whilst there is still some uncertainty as to how this will be interpreted in practice, this statutory test for whether a purchaser may rescind a contract is more subjective and broader than what was provided in Crown's previous sales contracts.

***This legislative change while significant is a low risk to Crown as we have been very open and transparent with our inclusions in buyer contracts given the high average value of the transactions. This legislation may increase settlement risk if the market deteriorates and buyers are looking for a way out.***

Crown has worked with its legal advisors, Corrs Chambers Westgarth, to update its sales contract documents and procedures to ensure compliance with these legislative changes.

# Crown Sydney

## Residential Sales Update



# Crown Sydney

## Design and Procurement Update



- The built-in Apartment cabinetry components have been broken into three trade packages and awarded to separate subcontractors. The joinery shop drawings have commenced.
- Manufacture of the sauna, steam room, thermal lounge and experience shower equipment has commenced. Installation is scheduled for March 2020.
- Production of chandeliers for the gaming spaces is underway with the first shipments arriving in Sydney on 20 January 2020.
- 90% of the stone for the typical hotel rooms and suites has been delivered to Sydney. Manufacture of the Villa stone has commenced.
- 100% of the joinery for the typical hotel rooms and suites has been delivered to Sydney. Manufacture of the villa joinery is in progress.
- Super & Sky Villas – detailed coordination of the main feature lighting will be completed by 31 January 2020.
- Car stacker prototype has been inspected in China.
- Landscape and external metalwork packages have now been awarded.
- The surface of the Tennis Court will feature a contemporary painted artwork by an Australian Aboriginal artist, Reko Rennie. Paint samples have been received and approved by the Artist.
- All of the main commissioned artistic sculptures are now in production at the various international art studios.
- The manufacture of the Zheng Lu sculpture for Porte Cochere commenced in September 2019 and is on track for July 2020 completion.
- The Crown Artist Initiative launch was successfully held in the Crown Sydney Marketing Suite on 20 November 2019. Competition winners photos have been incorporated into the project art program and will be featured in the guestrooms and suites.



Construction Progress | Car Stacker Mock Up



Crown Artist Initiative | Winning Photo

# Crown Sydney

Construction Progress | 10 December 2019



# Crown Sydney

Construction Progress | 11 December 2019



# Crown Sydney

Construction Progress | 10 December 2019



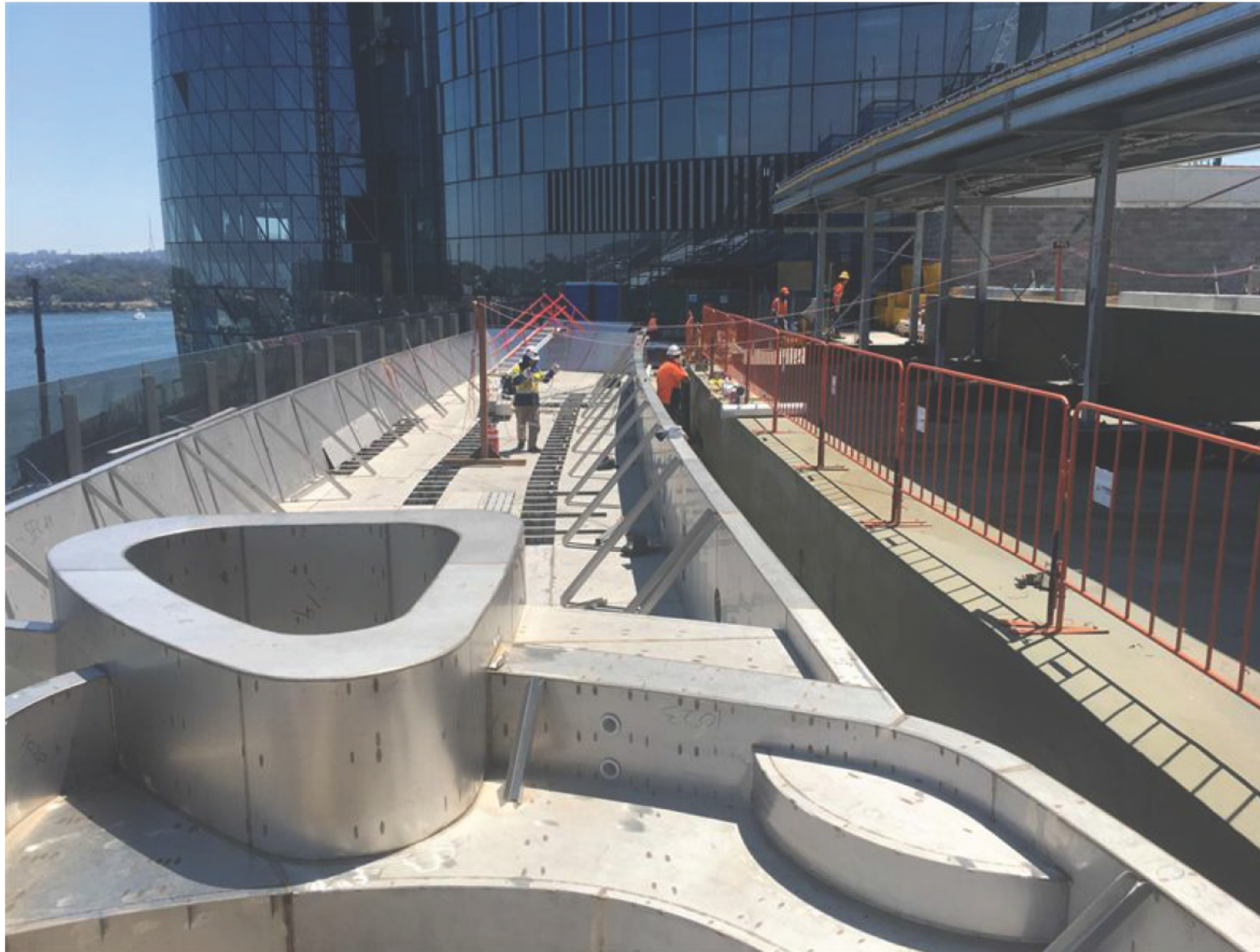
# Crown Sydney

Construction Progress | 11 December 2019



# Crown Sydney

## Construction Progress | Level 4 Pool





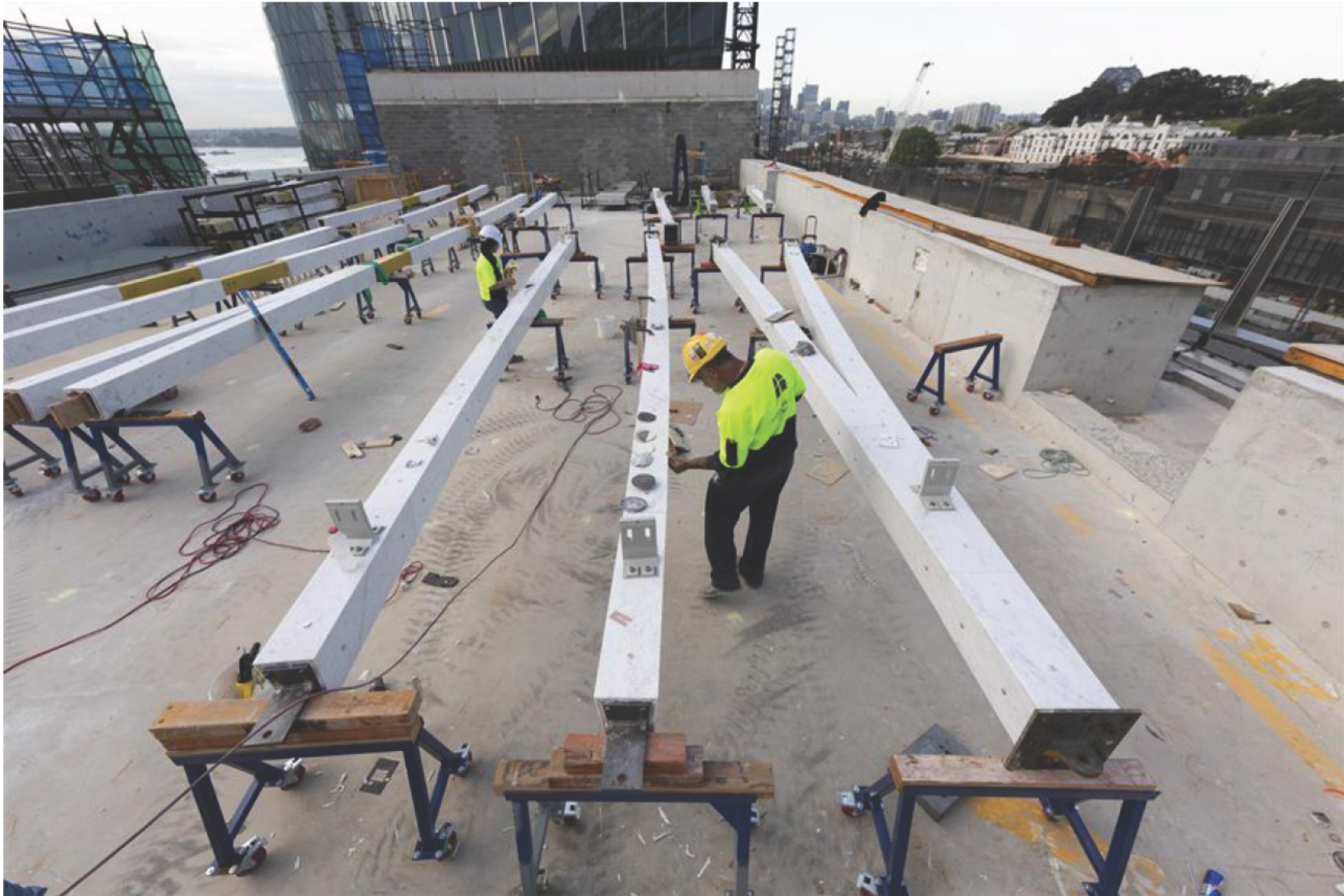
# Crown Sydney

## Construction Progress | Level 4 Wedding Canopy



# Crown Sydney

## Construction Progress | Stone Veil



# Crown Sydney

## Construction Progress | Stone Veil



# Crown Sydney

## Construction Progress | Barangaroo Wharf View



# Crown Sydney

## Construction Overview | Tower

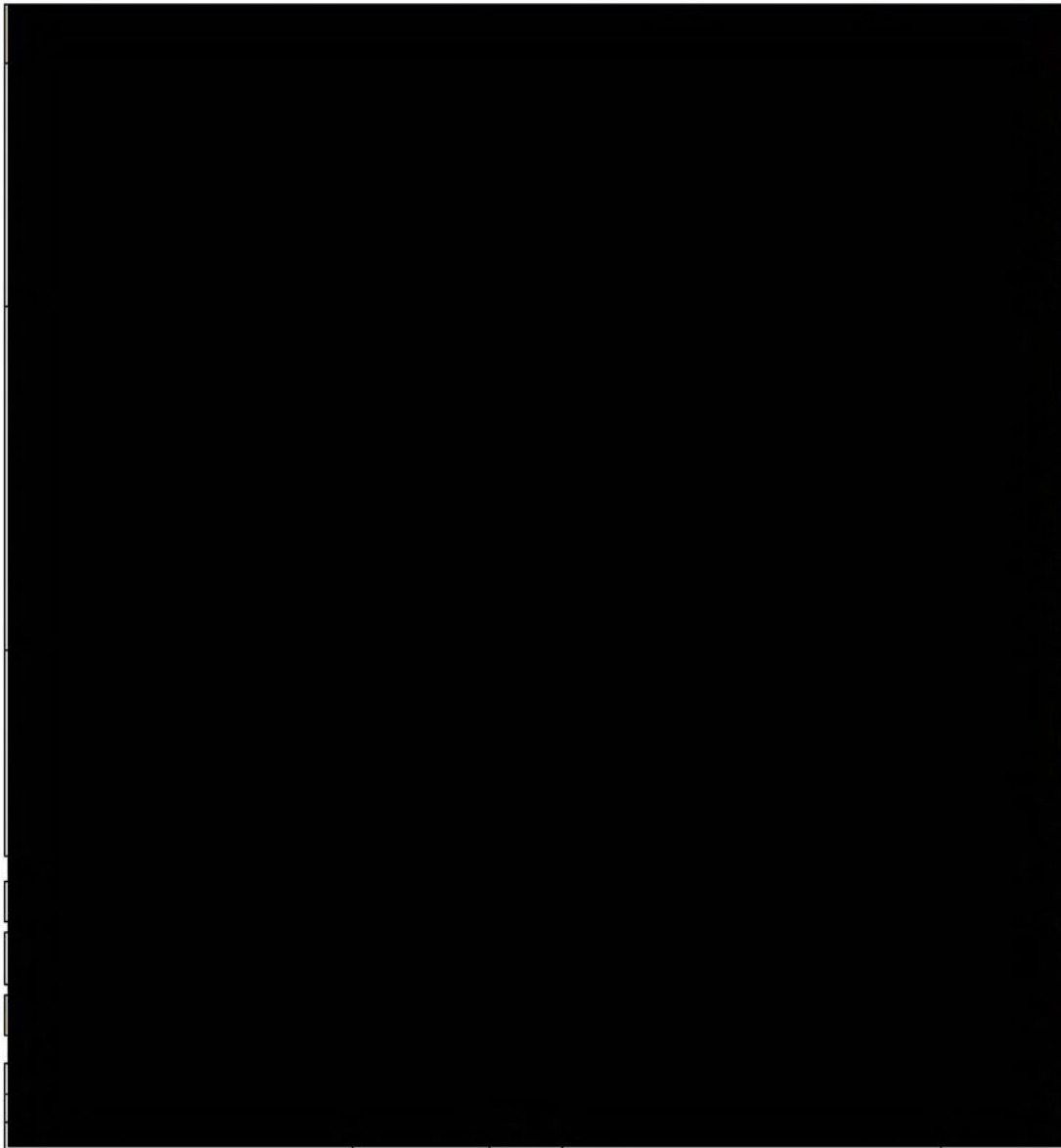


- Structure
  - Main core has cleared Level 63
  - Slabs have been poured to Level 53
- Façade installation
  - Total glass panels installed – 5,175
  - Install to level 39
  - Hotel mid rise through (Level 24) to be complete and defecting by February 2020
- Podium Fit Out progressing with gaming areas prioritised on levels 1 and 2
- Hotel Fit Out progressing through Levels 6–22
- Sky Gaming Fit Out has begun on Levels 26-27
- Villa Levels Fit Out to begin in earnest after the holiday break to Levels 29-32
- Apartment buildings services installation is underway on Levels 33-37
- The Hotel Resort completion remains on track for 2021 Chinese New Year Grand Opening



# Crown Sydney

Project Cost Detail | As of 30 November 2019



---

## One Queensbridge

# One Queensbridge





# One Queensbridge

## Executive Summary – Status Update



- Crown obtained full ownership of the Queensbridge project site and pre-development work on 8 November 2019.
- As a result of the transaction announcements management has received a number of inquires regarding the possibility of co-developing the site. Interested parties to date and types of developments are as follows:
  - GPT Group – Interested in commercial office opportunity
  - Royal Group – Singapore based developer interested in developing apartments
  - Crown Group – Sydney based developer interested in developing apartments
  - Walker Corporation – Global Developer based in Sydney interested in commercial office opportunity

Discussions with the above parties have been exploratory in nature at this stage with the commercial office opportunity attracting the institutional / better funded capital partners.

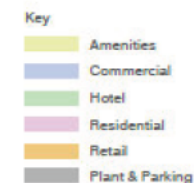
- As advised previously the City of Melbourne Office of Heritage and Urban Strategy has made a recommendation for the building façade of the former Queensbridge Hotel to be heritage listed. Crown has opposed this recommendation and has filed a detailed response with the City of Melbourne. The Planning Panel hearing is scheduled for 11 May 2020 to consider the formal adoption of the Heritage Overlay for the entire Southbank Precinct. As Crown has two parcels affected by this proposal our objective is to work with the City of Melbourne to revise the mapping prior to this hearing.
- The City of Melbourne has advised that visibility on Crown's future plan for the Queensbridge site will be taken into consideration as a part of the revised Southbank Heritage Overlay mapping. Towards this end management is recommending that we advance the market studies and concept design which can be leveraged as a part of a formal planning application for the proposed mixed use development for the site.

# One Queensbridge

## Way Forward



- In response to the interest in the commercial office development opportunity, management is recommending that concept designs and market studies are advanced to support the prospective investor interest in the project. The project site warrants an iconic mixed use project that reinforces Crown Melbourne's position in the city.
- Preliminary plans indicate that the site can support a high quality mixed use development with the following program:
  - 45,000 sqm of Grade A Commercial Office and Retail space
  - Approx. 350 Key Forbes 5-star hotel
  - Approx. 100 Luxury Branded Crown Residences leveraging our experience gained with Crown Sydney
  - Podium level retail aligned with commercial and wellness positioning of the development with a link bridge to Crown Melbourne
  - Approx. 650 car parking spaces
- Initial estimates to prepare the appropriate market studies and concept plans to support a revised planning submission that leverages the prior work on the site is in the order of \$3.0m.



# One Queensbridge

## Arrival Experience at Street Level & Public Realm Interface



Ref: CIBC Square, Toronto

# One Queensbridge

## Commercial Wellness & Function Terraces Concept



Ref. 330 North Green Street, Chicago

# One Queensbridge

## Split Level Amenities and External Deck Concept



*Ref: 400 North Lakeshore Drive, Chicago*



## **Crown Resorts**

Development Update

12 December 2019

Australia's

Integrated

Resort

Company

# Crown Resorts Draft Brand Strategy

December 2019





## Executive Summary

To ensure Crown Resorts (Crown) remains one of Australia's most respected and iconic tourism companies and to protect its short and long-term brand reputation, a multifaceted brand and reputation strategy is essential.

Support for Crown's operations in NSW and Victoria is low with a large percentage (around 30 per cent) still undecided about whether they support or oppose Crown.

In NSW there is an opportunity to increase public support for Crown with a concerted brand campaign. More than half of people are either undecided or only somewhat opposed to Crown, and this presents both an opportunity and a threat in the coming months.

Without decisive action, negative views will continue to grow and leave Crown vulnerable in the future.

A multifaceted brand and reputation strategy to include stakeholder engagement, corporate communications and advertising is vital. Based on key research findings, an effective strategy would include: positive earned media and social media, paid advertising, direct stakeholder engagement, media partnerships, updated corporate publications, visitor messaging, third-party organisation partnerships, leadership and policy advocacy on tourism issues, negative media response preparation and a commitment to further continuous improvement and reforms.

In Phase One, the primary objective will be reaching key stakeholders to inform and engage them on the positive contributions Crown makes. Lifting community support is also important and this will be a secondary objective.

It will be important to highlight Crown's economic contribution, the employment and training opportunities it provides, including indigenous, disability employment and Crown Sydney opportunities, the flow on benefits to local businesses and Crown's charity and foundation work.

Earned media will be important to promote these key themes with key stakeholders, but paid advertising, which has a longer shelf life than media or PR, will be paramount in keeping the message top of mind with key stakeholders throughout this critical phase. This will also include social media and the recruitment and training of a Crown spokesperson to help promote Crown, maximise impact and ensure consistency of message.

Based on the success of the 'Doorman TV Advertisement' campaign, it is proposed new TV advertising be produced, to highlight Crown's positive contribution to stakeholders and the public. The advertising will help to consolidate the Crown brand in Sydney and Melbourne.

A renewed focus on engagement, briefings and tours of Crown's award-winning resorts including our newest addition Crown Sydney, along with guest events, will play an ever-important role in educating stakeholders on the tangible contribution Crown makes. The aim is to increase awareness of Crown's economic contribution along with our extensive CSR activities and training programs.





## Executive Summary (cont.)

Media partnerships have and will always play a significant role for large corporates. Over the last five years various successful campaigns with media outlets such as the Daily Telegraph and Channel 7 have helped to build Crown's brand and strengthen Crown's relationships with media. Partnerships with News Limited and other media on campaigns that reinforce brand values deliver great value in terms of editorial content, endorsement and free advertisements.

Crown has a very positive story to tell and reviving Crown's Corporate Publications is another way to keep Crown top of mind and reinforce positive messages in our own words, delivering them directly to important stakeholders. This has seen good results in the past and should be continued.

Our visitors are our best advocates and with over 87,000 visits per day and over 460,000 Crown loyalty members, Crown should be marketing our positive brand message to them on a regular basis. This will not only reinforce and consolidate favourable views but will also inform visitors of Crown's extensive achievements.

Crown boasts over 18,500 staff working across our two resorts and another 2,000 when Sydney opens. A coordinated internal communications effort will not only lift morale but ensure all staff are aware of positive messaging and information they can share with their family and friends.

Having third-parties advocate on your behalf is proven to be a more powerful tool than advocating for yourself. Engaging in third-party sponsorships including with key business, tourism, sporting and community organisations that are willing to help communicate Crown's positive story

will provide another valuable channel to engage key stakeholders.

As part of a coordinated brand and reputation strategy Crown will be able to re-establish itself as a leader in the policy debate on issues which affect the tourism industry through proactive engagement with Federal and State Governments.

It will be important to undertake an extensive media audit of dominant negative media themes over the last few years. This will not only assist Crown in anticipating and rapidly responding to media enquiries but will also provide an opportunity to create a bank of strengthened responses to use on an ongoing basis.

With just over 12 months until the opening of Crown Sydney, a comprehensive corporate brand strategy needs to be planned and implemented urgently to return our reputation to where it was in 2013-15.

# Summary of Crown Resorts Draft Brand Strategy



Based on C|T's research and advice, combined with the learnings of Crown's successful 2012-14 campaign. These recommendations will also vary in terms of priority and intensity for each resort.

## 11 Key Recommendations

### 1. Paid Advertising:

Corporate Brand Rebuild (pages 21 to 30).

#### a) Phase 1: Short-term [Immediate: Jan - Jun 2020]

This is a critical phase, and Crown must preserve support amongst key stakeholders in Sydney and Melbourne. While lifting community support is important, this will be a secondary objective during this Phase 1.

#### b) Phase 2: Medium-term [Financial Year 2020-21]

C|T research shows we currently have a net favourability of -14% in NSW; the advertising will play a very important role in helping to improve and re-establish our brand in the community.

#### c) Phase 3: Long-term

Given the current and future social, media and political landscape, Crown cannot be complacent and needs a continuous brand and corporate strategy to protect and enhance its reputation.

### 2. Positive Earned Media:

Developing and implementing a three month press and social media plan in conjunction with C|T. Recruit, develop and train a Crown Spokesperson (Pages 31 to 33).

### 3. Direct Stakeholder Engagement:

Renew and intensify stakeholder briefings, tours of Crown's Resorts and hosting guests at events (Page 34 & 35).

### 4. Media Partnerships:

Partner with media outlets on campaigns that reinforce our brand values and allow us to sell Crown's positive contribution to the community (Pages 36 to 38).

## Summary of Crown Resorts Draft Brand Strategy



### 11 Key Recommendations (cont.)

**5. Revise Corporate Publications:**

These publications, which highlight our economic and community contribution, will help reinforce Crown's key messages with politicians, bureaucrats, business and community leaders (Pages 39 & 40).

**6. Leverage Crown Resorts Visitors:**

With over 87,000 visits/day, we should actively market our brand message to our guests and visitors using the corporate brochure in hotel rooms, hotel room TV programs, electronic signs and decals throughout the resort (Pages 41 to 43).

**7. Mobilise Third-Party Organisations:**

Partner with, support or sponsor key business, tourism, sporting or community organisations (Page 44).

**8. Lead Policy Advocacy:**

Become more publicly vocal on tourism policy issues at the state and federal level and consider re-establishing Integrated Resorts Australia to advocate on behalf of Australian Integrated Resorts (Page 45).

**9. Better Prepare for Future Negative Media:**

C|T should work with the Crown Media team to undertake an audit and assessment of dominant criticism and negative media themes over the last few years. This will allow Crown to better anticipate, prepare for and respond to future negative stories in a more effective manner (Page 46).

**10. Undertake further Research on how to Best Promote Crown's Commitment to Responsible Gaming:**

Undertake further research to establish the most effective way to communicate and advertise Crown's genuine commitment to and investment in responsible gaming (Pages 47-48).

**11. Budget:**

Approve an appropriate budget to support these recommendations (Page 49).



# Implementation Plan – Roles & Responsibilities

RECOMMENDATION	ACTION POINT	RESPONSIBLE ENTITY	RESPONSIBLE INDIVIDUAL
<b>1. PAID ADVERTISING</b>			
Print Media Advertising	Content creation and design of 10/15 print advertisements based on identified themes for key stakeholders	C T & Crown	Karl Bitar, Nigel Blunden
	Undertake research and ad testing, include sequencing and message progression	C T	Mike Turner
	Finalised advertisements presented to Brand Committee for approval	C T & Crown	Karl Bitar, Mark Gorter
Sky News Advertising	Develop creative brief targeted at key stakeholders	C T & Crown	Karl Bitar, Nigel Blunden
Commercial TV Advertising	Develop creative brief	C T & Crown	Karl Bitar, Nigel Blunden
Targeted Digital Advertising	See Print Media Advertising	C T	Nigel Blunden
Advertising Budget	Advertising budget to be amended to reflect changing timeline and figures	Crown	Karl Bitar
<b>2. POSITIVE EARNED MEDIA</b>			
Develop and implement a three month press and social media plan in conjunction with C T. Recruit, develop and train a Crown Spokesperson	Engage recruiter to hire Crown spokesman/Head Corporate PR to lead earned media	Crown	Karl Bitar
	Draft role and responsibility brief and review candidates	Crown & C T	Karl Bitar, Mark Gorter
	Train Crown PR team in Melbourne on earned media process	C T	Nigel Blunden, Megan Dempsey
	Draft process for earned media stories. Karl Bitar to provide final approval	C T	Megan Dempsey
	Finalised detailed earned media plan - including draft releases for individual stories, third parties and photo opportunities	C T	Megan Dempsey
<b>3. DIRECT STAKEHOLDER ENGAGEMENT</b>			
Renew and intensify stakeholder briefings, tours of Crown's Resorts and hosting of guests at events	Continue to implement an active program of briefings and tours for State and Federal MPs	Crown	Chris Reilly
<b>4. MEDIA PARTNERSHIPS</b>			
Partner with News Limited and other media on campaigns that reinforce our brand values	See Crown Resorts Draft Brand Strategy document	Crown	Karl Bitar



# Implementation Plan – Roles & Responsibilities

RECOMMENDATION	ACTION POINT	RESPONSIBLE ENTITY	RESPONSIBLE INDIVIDUAL
<b>5. REVIVE CORPORATE PUBLICATIONS</b>			
Reinvigorate Crown Resorts publications Ensure they are distributed to key stakeholders throughout the year	Produce and compile content for publication	Crown	Natasha Stipanov
<b>6. LEVERAGE CROWN RESORTS VISITORS</b>			
Actively market brand message to these people on a regular basis	Draft digital strategy for on-premise platforms based on key messages in Melbourne	C T	Mark Gorter
	Engage with Crown marketing team for roll out and execution	Crown	Karl Bitar
<b>7. MOBILISE THIRD-PARTY ORGANISATIONS</b>			
Crown partner with, support or sponsor key business, tourism, sporting or community organisations which are willing to support Crown and help communicate its positive story	See Crown Resorts Draft Brand Strategy document	Crown	Chris Reilly
<b>8. LEAD POLICY ADVOCACY</b>			
Re-establish Crown as a leader in the tourism industry, and lead the policy debate on issues which affect the tourism industry	Proactively assist Federal and State Governments with work they are doing in the tourism sector helps reinforce the importance of Crown's tourism offering	Crown	Chris Reilly (Rachel Obradovic C T supporting)
<b>9. BETTER PREPARE FOR FUTURE NEGATIVE MEDIA</b>			
C T should work with the Crown Media Team to undertake an audit and assessment of dominant criticism and negative media themes over the last few years	Undertake audit and assessment of dominant criticism and negative media themes of Crown	C T	Megan Dempsey
	Create a bank of strengthened responses to each of the identified negative media themes	C T	Megan Dempsey
<b>10. UNDERTAKE FURTHER RESEARCH ON HOW TO PROMOTE CROWN'S RSG</b>			
Undertake further research to establish the most effective way to communicate and advertise Crown's genuine commitment to and investment in responsible gaming	Develop research-backed options paper and strategy for promoting Crown's commitment to responsible gambling	C T	Mike Turner
	Send previous research on response to responsible gambling messaging undertaken by C T in 2012	Crown	Karl Bitar
<b>11. APPROVE AN APPROPRIATE BUDGET</b>			
Approve an appropriate budget to support these recommendations	Brand Committee to support an appropriate budget	Crown	Karl Bitar



**SUGGESTIONS & RECOMMENDATION  
FROM BRAND COMMITTEE MEETING  
2 DEC 20**

## Suggestions & Recommendations from Brand Committee Meeting 2 Dec 20



### Public Relations/Media:

- Provide a more detailed PR plan.
- How do we build a sense of anticipation for Crown Sydney?
  - Consider a countdown to the topping.
  - What competitions can we run? E.g. seats at restaurant on opening day.
  - Invite the Sunrise Program to broadcast from Observation Deck.
- Consider engaging Social Media Influencers to help sell Crown Sydney.
- Corporate influencers & ICC to talk up the use of Crown Sydney for conferences.
- Promote the opening of the ballroom for events/conferences.
- Consider public tours of Crown Melbourne.

### Advertising:

- Bring the TV Advertising buying schedule forward as much as possible.
- Add Fairfax newspapers to the media buy.
- Consider billboards.
- Consider Radio ads on 2GB.
- Consider glossy magazines.
- Billboards at Sydney, Melbourne & Canberra Airports.
- Outdoor billboards on main roads.
- Consider City of Sydney Banner advertisements pre-opening.
- Revisit Crown Perth Advert which helped rebrand the resort: “With new bars, restaurants and entertainment, there’s something new for everyone of you”. Also test: “One Destination, endless possibilities”.

### Crown Sydney messages and ads to research further:

- Crown Sydney is a huge opportunity for the city.
- Crown Sydney is not about us, it’s about Sydney.
- The story of the building (Wilkinson Eyre and what is coming).
- A great building for a great city.
- Is there a nick name we can give the building. Eg the Opera House Sails. What is the Crown Tower?
- What are the attractions we are building for the public?
- Crown Sydney is similar to the rebrand in Perth, where we were also lifting the standard (from Burswood to Crown). Discuss with Perth their learnings.
- Focus on what Crown Sydney can be: An integrated resort.
- Do more research on Barangaroo as a precinct and how we tie Crown Sydney to it. Crown Sydney is going to raise the bar even further.

### Opening

- Integrate the Crown Sydney Opening Plan with the broader corporate brand campaign to better leverage our overall brand and community work.
- We need to engage an indigenous event speciality to ensure the opening respects Indigenous.
- **Responsible Gaming Messages**  
Test messages, including the fact that we turn away 100’s of people.



# HIGH LEVEL STRATEGY



## Research Insight and Key Observations



### C|T Research Insights

#### Support for Crown's operations:

Western Australia:	Victoria:	New South Wales:
<b>Net +38%</b>	<b>Net -1%</b>	<b>Net -14%</b>
<b>Support:</b> <b>56%</b> (13% strongly, 43% somewhat)	<b>Support:</b> <b>35%</b> (4% strongly, 31% somewhat)	<b>Support:</b> <b>28%</b> (4% strongly, 24% somewhat)
<b>Oppose:</b> <b>17%</b> (13% strongly, 4% somewhat)	<b>Oppose:</b> <b>36%</b> (16% strongly, 20% somewhat)	<b>Oppose:</b> <b>41%</b> (16% strongly, 25% somewhat)
<b>Unsure:</b> <b>27%</b>	<b>Unsure:</b> <b>29%</b>	<b>Unsure:</b> <b>31%</b>

#### Key Observations:

- The Crown Brand is in a very different position in each of the states.
- Sydney and Melbourne require urgent attention.
- Perth is very well positioned from a corporate and brand perspective and does not require as much attention or resourcing over the next 12 months.
- In NSW and Victoria around 30% are still unsure whether they support or oppose Crown (this is both an opportunity and a threat).
- In NSW, 31% are Unsure and of the 41% who Oppose Crown, around 25% of them are only Somewhat Opposed to Crown. So we have the opportunity to win over effectively around 56% of the public with a concerted brand campaign.



## Research Insight and Key Observations

### General Observations

#### Corporate Brand:

Crown's overall corporate brand needs to be renewed, redefined and reenergised, to return our reputation to where it was in 2013-15.

#### Each State requires its own strategy:

While there is a central brand message, each state needs its own very unique strategy, message and plan given the below differences in each state:

- Nature of Crown's resorts
- The nature of Crown's Operating Licence
- Crown's offering resort
- Crown's Operational and Marketing Priorities
- The Media Landscape
- The Economic Cycle
- The Political Cycle
- The Public's Attitude to Gaming



## Sydney: Brand Imperative and High Level Strategy



### Risks and Brand Imperative

#### Short-term

It's important that Crown works diligently over the next few months to brief all key government and industry stakeholders of our excellent record on responsible gaming and compliance, and our program of continuous improvement.

Also remind them of Crown's economic/tax, employment, and community contribution and the importance of Crown Sydney to NSW's tourism future.

#### Long-term

Gaming companies cannot afford to be complacent, and a failure to build Crown's brand and reputation will leave Crown continually vulnerable.

Crown should implement a continuous brand campaign to protect its corporate reputation.

This work needs to involve multifaceted stakeholder engagement and community communications and advertising campaign with the ultimate objective of ensuring Crown remains one of Australia's most respected tourism companies.

### High Level Strategy – Crown Sydney

1. **Prioritise Crown Sydney Opportunities between now and opening:**  
Given the findings of the C|T research and the opening of Crown Sydney in early 2021, we should prioritise Sydney in our brand and reputation work.
2. **Intense Level of Direct Stakeholder Engagement:**  
Over the next 12 months, we need to ensure all our key stakeholders are properly and regularly briefed and supportive.
3. **Communicating our Message to the Public:**  
We need a well planned and multifaceted public relations and paid advertising campaign to increase public awareness and support for Crown Sydney and Crown's National brand in the lead up to opening.
4. **Fully deliver on all our commitments:**  
Guard against criticism and negative stories by ensuring we fully execute all our Crown Sydney Commitments.
5. **Key messages:** (Full message on page 9)
  - a) Globally recognisable iconic luxury hotel.
  - b) One of the world's best hotels, to help Sydney compete with other destinations & attract thousands of tourists and events.
  - c) Contribution to the economy, employment, training, community.
  - d) Welcoming visitors and locals for accommodation, restaurants, bars, conferences and free public observation deck.

## Melbourne: Brand Imperative and High Level Strategy



### Risks and Brand Imperative

#### Short-term

It's important that Crown regularly briefs stakeholders, to put into context any sensational allegations and brief them of our excellent record on responsible gaming and compliance, and our program of continuous improvement.

Also remind them of Crown's economic/tax, employment, and community contribution and the importance of Crown Melbourne to the country's tourism future.

#### Long-term

Gaming companies cannot afford to be complacent, and a failure to build Crown's brand and reputation will leave Crown continually vulnerable.

Crown should implement a continuous brand campaign to protect its corporate reputation.

This work needs to involve multifaceted stakeholder engagement and community communications and advertising campaign with the ultimate objective of ensuring Crown remains one of Australia's most respected tourism companies.

### High Level Strategy – Crown Melbourne

1. **Re-energise and renew the Crown Melbourne Brand:**  
Crown must re-energise, redefine and renew our Melbourne brand, returning to 2013-15 levels of public support. Crown Marketing have recently undertaken consumer brand work which may be helpful in reinforcing our corporate brand work.
2. **Direct Stakeholder Engagement:**  
We need to ensure all our key stakeholders are properly briefed and supportive.
3. **Communicating our messages to the Public:**  
We need a well planned and multifaceted public relations and paid advertising campaign to increase public awareness and support for Crown Melbourne.
4. **Promote our Responsible Gaming Record:**  
Problem gambling is one of the biggest issues impacting Crown's brand and reputation. Serious consideration should be given to how we address this concern in the community.
5. **Key messages:** (Further detail on page 10)
  - a) One of the world's best integrated resorts.
  - b) One of the Victoria's most visited tourist destinations, helping Melbourne compete with other destinations & attracting thousands of tourists and events.
  - c) Contribution to the economy, employment, training, community.

## Perth : Brand Imperative



### Risks and Brand Imperative

---

#### Short-term

Crown is in a very strong position from a brand and reputation perspective. Crown Perth should continue undertaking the work they have been doing over the last few years.

#### Long-term

In the long-term even Crown Perth can't afford to be complacent. While our brand and reputation are currently in a very strong position in WA, we should continue monitoring developments which may have a negative impact on the brand.



# CROWN NARRATIVE AND KEY MESSAGES

## Crown Resorts Narrative



### **CROWN LUXURY RESORTS**

Crown Resorts is a leading provider of world-class luxury hotels and entertainment facilities, with a business spanning Melbourne, Sydney, Perth and the United Kingdom. Crown's premium tourism assets, combined with an unrivalled focus on first-class customer service, are helping Australia compete internationally with other global tourist destinations.

### **TOURISM AND ECONOMIC CONTRIBUTION**

Crown's Melbourne and Perth Resorts are amongst Australia's most visited tourist destinations, attracting over 32 million visitors annually, and contributing up to \$4.4 billion every year to the Australian economy. Crown also continues to be a significant taxpayer, having incurred more than \$650 million in taxes to all levels of government in Australia in the 2019 financial year, representing about two-thirds of Crown's profit before tax. Crown's resorts offer world-class facilities: exclusive villas, 2300 luxury hotel rooms, spas, pools, high-end shopping, signature restaurants, convention centres, theatres, gaming areas and live entertainment.

### **INVESTING IN LUXURY INFRASTRUCTURE**

Crown is one of the few companies significantly investing in Australian tourism infrastructure. We are spending approximately \$4 billion dollars between FY15 and FY22 upgrading and opening new hotels and tourist attractions. This includes over \$1.1 billion invested in our Melbourne and Perth properties and \$2.2 billion to deliver the Crown Sydney Hotel Resort, which will rival the best the world has to offer. The Crown Sydney Hotel Resort will be Sydney's first luxury six-star hotel with 349 luxury hotel rooms, restaurants, bars, retail and a free public observation deck 250 meters above ground level.

### **OUR PEOPLE ARE OUR BEST ASSET**

Crown's greatest asset is our staff. Over 18,500 people work at our Australian Resorts, making Crown Melbourne, Australia's largest single-site employer and Crown Perth, the largest single-site employer in Western Australia. At Crown Sydney, there are currently over 1,000 people working on-site, and at its opening in early 2021 it is expected to employ over 2,000 people. And we are investing in our people. Crown has purpose-built training facilities for its staff which have trained over 7,500 employees in the 2019 financial year and graduated over 8,500 apprentices and trainees since the inception of Crown College.

### **SUPPORTING LOCAL BUSINESS**

Crown continues to support the broader economy, spending over \$900 million annually across 4,000 local businesses in Victoria and Western Australia. This is only set to increase with the opening of Crown Sydney.

### **COMMITMENT TO INDIGENOUS EMPLOYMENT**

Crown is also leading the way on Indigenous employment, having provided over 850 Indigenous employment opportunities since 2009 and being awarded many prestigious awards for our Indigenous employment programs.

---

**“Crown's greatest asset is our staff. Over 18,500 people work at our Australian Resorts, making Crown Melbourne, Australia's largest single-site employer and Crown Perth, the largest single-site employer in Western Australia.”**

## Crown Resorts Narrative



### **DISABILITY EMPLOYMENT OPPORTUNITIES**

Crown has a strong commitment to providing significant employment opportunities for people with a disability. Since its launch in 2014, Crown's disability employment program, *CROWNability*, has provided job opportunities for over 420 people with disability.

### **INDUSTRY LEADER IN GOVERNANCE COMPLIANCE & TRANSPARENCY**

Crown is always striving to be an industry leader in governance, compliance and transparency. Crown operates in one of the most highly regulated and supervised industries in Australia. Crown has no interest in being used by those who seek to do the wrong thing. We have the greatest interest in implementing and maintaining good corporate governance practices – our business and 18,500 jobs rely on it. We have a strong record of cooperation with law enforcement bodies and regulators. Last year, Crown received and responded to over 2,200 requests for information and footage from Commonwealth and State-based agencies to assist in their investigations. And we are constantly reviewing and improving our internal practices and compliance to ensure we maintain industry best practice.

### **RESPONSIBLE GAMING**

Crown is an industry leader in the Responsible Service of Gaming. Crown Melbourne's Responsible Gaming Support Centre was the first on-site support service offered at any venue in the world. Crown also introduced a world-first voluntary pre-commitment program, which allows participants to select a time and /or spend limit. These are just a few of the many positive initiatives Crown has introduced, and Crown will continue to enhance its delivery of Responsible Service of Gaming programs to maintain its position as an industry leader in social safeguards.

### **CROWN RESORTS FOUNDATION**

Crown also recognises its responsibility to the communities in which it operates and is proud to support several charities and employee-led community programs. Crown also provides significant financial support to many worthwhile community groups and charities through the Crown Resorts Foundation. The conclusion of the 2019 financial year marked the halfway point of the Crown Resorts Foundation and the Packer Family Foundation National Philanthropic Fund. To date, over \$83 million has been allocated to 300 organisations supporting the arts and educational opportunities for Australian youth.

### **MAKING AUSTRALIA COMPETITIVE WITH THE BEST IN THE WORLD**

By continuing to invest in world-class facilities and training our staff to deliver exceptional service, Crown is helping Australia compete with the world's best tourist destinations. We are a proud Australian company, helping make our country a first-class tourist destination for today and the future.

---

**“We are a proud Australian company, helping make our country a first-class tourist destination for today and the future.”**



## Crown Sydney Message



### **ONE OF THE WORLD'S GREAT HOTELS IS OPENING SOON**

Sydney deserves one of the world's great hotels, and Crown Sydney will give it just that. The Crown Sydney Hotel Resort, will officially open in early 2021. The hotel will be a globally recognisable landmark that will attract thousands of international tourists, helping Sydney compete with other global tourism destinations for business, leisure and sporting events.

### **WORLD-CLASS FACILITIES FOR LOCALS AND VISITORS**

Crown Sydney will welcome locals and visitors to its 349 luxury hotel rooms, world-class restaurants, bars, retail, and a free public observation deck 250 meters above ground level.

### **EMPLOYING OVER 2,000 PEOPLE AND SEEKS YOUR INTEREST**

Crown is starting the process of hiring its 2,000 staff and is seeking interest from job seekers, who want to work for one of the country's most iconic tourism companies.

### **TRAINING OPPORTUNITIES**

Crown is investing in a purpose-built training facility to ensure our staff have access to world-class hospitality training facilities and we will work with local TAFEs and schools to provide school-based traineeship programs. In Melbourne & Perth, Crown has already graduated over 8,500 apprentices & trainees and Crown has been awarded Australian Employer of the Year three times since 2010.

### **BOOSTING LOCAL BUSINESSES**

Crown Sydney will support local businesses across the economy, procuring tens of millions in goods and services across hundreds of local businesses in NSW.

### **INDIGENOUS EMPLOYMENT OPPORTUNITIES**

Crown is a leader in the Indigenous employment sector and in Sydney we will deliver Indigenous employment programs for the hospitality areas of the resort, including traineeships with local schools. Crown Melbourne and Perth have provided over 850 Indigenous employment opportunities since 2009.

### **DISABILITY EMPLOYMENT OPPORTUNITIES**

Crown will provide significant training and employment opportunities for people with a disability at Crown Sydney. Since its launch in 2014, Crown's disability employment program, *CROWNability*, has provided job opportunities for over 420 people with disability.

### **A COMMITMENT TO RESPONSIBLE GAMING**

Crown will bring to Sydney its industry leading approaches to the Responsible Service of Gaming. Crown was the first company to provide an on-site support service anywhere in the world. Crown will continue to enhance its delivery of Responsible Service of Gaming programs to maintain its position as an industry leader in social safeguards.

At Crown Sydney will there will be no poker machines, there will be high bet limits of at least \$20 on tables, and the VIP gaming facilities will be for members only – no general public.

### **COMMUNITY CONTRIBUTION**

Crown is also making a major contribution through the Crown Resorts Foundation and with the Packer Family Foundation, which are spending over \$65 million in NSW over 10 years to support local community organisations, charities and the arts across NSW.

## Crown Melbourne Message



### **ONE OF VICTORIA'S MOST IMPORTANT ECONOMIC AND TOURISM ASSETS**

Crown Melbourne is one of Victoria's most important tourism assets, attracting thousands of local, interstate and international visitors and contributing up to \$3.2 billion to the Victorian economy every year.

Its reputation for award-winning luxury experiences and exceptional hotel, conference, retail, gaming and entertainment facilities attracts over 22 million visits to the resort every year.

### **SUPPORTING VICTORIAN EMPLOYMENT AND LOCAL BUSINESSES**

Crown Melbourne remains Australia's largest single-site private sector employer with over 12,500 people working across the resort. Crown Melbourne also supports local businesses across the broader economy, spending \$761 million annually across 2,914 local businesses in Victoria.

### **TRAINING OPPORTUNITIES**

Crown's \$10 million purpose-built training facility has trained and graduated over 8,500 apprentices and trainees.

### **INDIGENOUS EMPLOYMENT OPPORTUNITIES**

Crown Melbourne is leading the way on Indigenous employment, having provided over 373 Indigenous opportunities since 2009 and having been awarded many prestigious awards for our Indigenous employment program.

### **DISABILITY EMPLOYMENT OPPORTUNITIES**

Crown Melbourne also has a strong commitment to providing significant employment opportunities for people with a disability. Since its launch in 2014, Crown Melbourne has provided job opportunities for over 214 people with a disability.

In recognition of its employment and training achievements, Crown Melbourne has been awarded "Australian Employer of the Year" twice since 2010.

### **RESPONSIBLE GAMING**

Crown is an industry leader in the Responsible Service of Gaming. Crown Melbourne's Responsible Gaming Support Centre was the first on-site support service offered at any venue in the world. Crown also introduced a world-first voluntary pre-commitment program, which allows participants to select a time and/or spend limit.

These are just a few of the many positive initiatives Crown has introduced, and Crown will continue to enhance its delivery of Responsible Service of Gaming programs to maintain its position as an industry leader in social safeguards.

### **SUPPORTING THE COMMUNITY**

Crown provides funding to and works with charitable organisations like the Salvation Army to support the local community and those in need.

Crown pays \$16.8 million per annum into a Community Benefit Levy which helps fund Victorian Hospitals.

Crown is also making a major contribution through the Crown Resorts Foundation and with the Packer Family Foundation, which are spending over \$26 million in Victoria over 10 years to support local community organisations, charities and the arts across Victoria.

## Crown Perth Message



### **ONE OF AUSTRALIA'S BEST RESORTS ATTRACTING TOURISTS TO THE WEST**

Crown Perth is one of Western Australia's largest tourist destinations, attracting more than 10 million local, interstate, and international visits per year and contributing up to \$1.2 billion annually to the WA economy.

Crown Perth features approximately 1,200 hotel rooms, world-class convention and gaming facilities, restaurants and bars, a 2,300-seat theatre, and shopping and entertainment facilities.

Crown Towers Perth is one of the best resort hotels in the region and has been very successful at attracting interstate and international visitors seeking luxury experiences in Western Australia.

### **SUPPORTING EMPLOYMENT AND LOCAL BUSINESSES**

Crown Perth remains Western Australia's largest single-site private sector employer with over 6,000 people delivering its awarded five-star service experience across the resort. Crown Perth also supports local businesses across the broader economy, spending \$165 million annually across 907 local businesses in Victoria.

### **TRAINING OPPORTUNITIES**

Crown's purpose-built training facility has trained and graduated over 3,600 apprentices and trainees.

### **Indigenous Employment Opportunities**

Crown Perth is leading the way on Indigenous employment, having provided over 514 Indigenous opportunities since 2009 and having been awarded many prestigious awards for our Indigenous employment program.

### **DISABILITY EMPLOYMENT OPPORTUNITIES**

Crown Perth also has a strong commitment to providing significant employment opportunities for people with a disability. Since its launch in 2014, Crown Perth has provided job opportunities for over 265 people with a disability.

### **Responsible Gaming**

Crown Perth is a leader in the delivery of responsible gaming programs and services. This includes a comprehensive responsible service of gaming employee training program and dedicated resources to assist our customers. The conveniently located Responsible Gaming Centre operates 24 hours a day, seven days a week and is staffed by Responsible Gaming Advisors and support staff to provide assistance and support and raise awareness about responsible gaming.

### **Supporting the Community**

Crown works with charitable organisations like Food Bank to support the local community and those in need.

Crown is also making a major contribution through the Crown Resorts Foundation and with the Packer Family Foundation, which are spending over \$34 million in WA over 10 years to support local community organisations, charities and the arts across WA.



# COMMUNICATION & ENGAGEMENT PLAN



## 1a. Paid Advertising Plan and Budget (Phase 1: Jan - Jun 20)

### The importance of paid Advertising in this climate:

Through lack of knowledge and the media's tendency to focus on negative stories, there is a potential for Crown to be seen as substantially a casino/gaming facility which has no regard for anything other than profits.

There is therefore little appreciation of Crown's contribution to:

- State economies;
- Employment;
- Training;
- Small businesses through the supply chain;
- Commitment to Responsible Gaming;
- Corporate Responsibility; and
- Community work through the Crown Resorts Foundation.

While earned media and direct engagement with government and stakeholders may go some way to explaining our case, the only way for our message to reach the general public in a substantial way is through paid advertising.

## Emphasis on Key Stakeholders in Phase 1

While lifting community support is vital, this will be a secondary objective during this Phase 1.

### Print Media Advertising

Daily Telegraph/Sunday Telegraph

- 4 full-page advertisements/month
- 6 strip advertisements/month

The Herald Sun/Sunday Herald Sun

- 2 full-page advertisements / month
- 4 strip advertisements / month

The Australian

- 3 full-page advertisements / month
- 6 strip advertisements / month

The West Australia

- 1 full-page advertisement / month

The Fairfax Press

- 1 full-page advertisement every few months in the AFR and less often in the SMH and The Age

### Sky News & Commercial TV Advertising

Sky News offers us a cost effective opportunity to remind and educate people about our contribution to the community.

For Commercial Television, produce a new TV advertisement to highlight Crown's positive contribution to our economy and the community.

### Targeted Digital Advertising

Standalone digital advertising and remaining spend to boost earned media

## 1a. Paid Advertising Plan and Budget (Phase 1: Jan - Jun 20)



## 1a. Paid Advertising – Themes



### Advertisement Focus

Our areas of strength that take into account the valuable feedback from the C|T research:

#### Employment:

- Crown's greatest asset is our staff. Over 18,500 people work at our Australian Resorts, making Crown Melbourne, Australia's largest single-site employer and Crown Perth, the largest single-site employer in Western Australia. At Crown Sydney, there are currently over 1,000 people working on-site, and at its opening in early 2021, it is expected to employ over 2,000 people.

#### Training / Crown College:

- We are investing in our people. Crown has purpose-built training facilities for its staff which have trained over 7,500 employees in the 2019 financial year and graduated over 8,500 apprentices and trainees since the inception of Crown College.

#### Economic Contribution:

- Crown's Melbourne and Perth Resorts are amongst Australia's most visited tourist destinations, attracting over 32 million visitors annually, and contributing up to \$4.4 billion every year to the Australian economy.

#### Disability Employment:

- Crown has a strong commitment to providing significant employment opportunities for people with a disability. Since its launch in 2014, Crown's disability employment program, *CROWNability*, has provided job opportunities for over 420 people with disability.

#### Indigenous Employment:

- Crown is leading the way on Indigenous employment, having provided over 850 Indigenous employment opportunities since 2009 and being awarded many prestigious awards for our Indigenous employment programs.



## 1a. Paid Advertising – Themes

### Advertisement Focus (cont)

Our areas of strength that take into account the valuable feedback from the C|T research:

#### **Supporting Local Businesses:**

- Crown continues to support the broader economy, spending over \$900 million annually across 4,000 local businesses in Victoria and Western Australia. This is only set to increase with the opening of Crown Sydney.

#### **Industry Awards:**

- Crown has been the recipient of numerous Industry, State and Federal Government awards for employment, training and diversity including Australian Employer of the Year Award three times since 2010.

#### **Crown Resorts Foundation:**

- Crown provides significant financial support to many worthwhile community groups and charities through the Crown Resorts Foundation. The conclusion of the 2019 financial year marked the halfway point of the Crown Resorts Foundation and the Packer Family Foundation National Philanthropic Fund. To date, over \$83 million has been allocated to 300 organisations supporting the arts and educational opportunities for Australian youth.

#### **Crown Sydney Employment Opportunities:**

- We should use the recruitment of staff at Crown Sydney to emphasise Crown's status as one of the best employers in the tourism and hospitality industries.

#### **Commitment to Responsible Gaming:**

- Crown must undertake further research to establish the most effective way to communicate its genuine commitment to and investment in responsible gaming. If we get this right, it could play major part in changing community attitudes towards Crown.  
(\* See page 44 for further details)



1a. Paid Advertising – Crown Sydney Creative



Samples Only

ADVERTISEMENT FEATURES

**CROWN SYDNEY**

CROWN SYDNEY AT BARANGAROO WILL HELP ENSURE SYDNEY'S PLACE AS A WORLD-CLASS CITY

**CROWN**  
WWW.CROWNSYDNEY.COM.AU

**CROWN SYDNEY HOTEL RESORT**

**BUILDING ONE OF THE WORLD'S BEST HOTELS**

**OPENING IN EARLY 2021**

**SYDNEY'S FIRST SIX-STAR LUXURY HOTEL**  
The Crown Sydney Hotel Resort at Barangaroo will be Sydney's first luxury six-star hotel. It will be a globally recognised landmark that will attract thousands of international tourists and help Sydney compete with other global tourism destinations.

**OVER 2,000 NEW JOBS FOR NEW SOUTH WALES**  
Crown Sydney will create over 2,000 new jobs for New South Wales. Crown has been awarded Australian Employer of the Year three times since 2015.

**OPPORTUNITIES FOR APPRENTICES**  
Crown will invest in a new training college and work with local TAFE's and schools to provide apprenticeships and school-based training programs. Crown has already graduated over 8,500 apprentices and trainees.

**INDIGENOUS JOB OPPORTUNITIES**  
Crown is a leader in the Indigenous employment sector and in Sydney we will deliver Indigenous employment programs for the hospitality areas of the resort, including traineeships with local schools.

**FREE PUBLIC OBSERVATION DECK**  
A free public observation deck approximately 200m above ground level will offer locals and tourists panoramic views across Sydney's spectacular harbour.

**GREATER TAX REVENUE FOR NEW SOUTH WALES**  
Crown will deliver a very significant increase in gaming tax revenue for New South Wales. Crown has already paid \$100 million to the New South Wales Government for the issue of the VIP gaming licence and the total of that licence payment plus gaming taxes paid by Crown over the first 15 years of full operation must exceed \$1 billion.

**www.crownresorts.com.au**

1a. Paid Advertising – Employment/Industry Awards/Indigenous/CROWNability



Samples Only

**A CAREER WITH CROWN**

**CROWN'S RECORD IN PERTH AND MELBOURNE**

- 11,000 JOBS
- 100 DIVERSITY ROLES
- 2,500 APPRENTICES AND LEARNERS
- 400 INDIGENOUS JOBS
- \$12 MILLION TRAINING EXPENSE

**WORK FOR ONE OF AUSTRALIA'S LEADING EMPLOYERS**

**START YOUR CAREER AT CROWN**  
When you join Crown, you become part of a team of over 15,000 people working together to create the best of the world's most renowned resorts located in Melbourne and Perth.

**OPPORTUNITIES FOR PEOPLE WITH A DISABILITY**  
Crown is a leading employer in providing opportunities to people with a disability. Crown's Disability Program actively provides training to help you gain the skills needed to work with us. Disability is a strength that empowers.

**RESEARCHED JOB OPPORTUNITIES**  
Crown is a leader in the industry, employment and provides one of the most developed and researched employment training and development programs in the country. Crown has employed over 400 Indigenous employees and has a target of 5,000 by 2020.

**SEE DIVERSITY ROLES**  
With the world's best hotels, 1,000 guest rooms and 400 bars and beverage outlets, we have a wide range of diversity roles. We are currently looking for people with a disability to join our team. If you are interested, please contact us at [diversity@crowntowers.com.au](mailto:diversity@crowntowers.com.au) or call us on 1800 000 000.

**7,000 APPRENTICES AND TRAINEES**  
At Crown we care for our employees and support them with training and development opportunities. We have over 7,000 apprentices and trainees, with a target of 10,000 by 2020.

Be proud and know you can become a part of our world-class team. Visit [www.crowntowers.com.au](http://www.crowntowers.com.au)

**CROWN RESORTS PARTNERING WITH THE NATIONAL CENTRE OF INDIGENOUS EXCELLENCE**

**The National Centre of Indigenous Excellence to partner with Crown Sydney Hotel Resort**

**Crown and the NCI: creating career opportunities for Indigenous Australians**

The NCI offers an organisation of Crown Resorts' employees and provides career development training, helping to create real jobs and employment opportunities for Indigenous Australians.

**A path for workforce**  
As a proud partner, Crown has helped to create a path for workforce. Crown's Disability Program actively provides training to help you gain the skills needed to work with us. Disability is a strength that empowers.

**Training that leads to real jobs**  
Crown has helped to create a path for workforce. Crown's Disability Program actively provides training to help you gain the skills needed to work with us. Disability is a strength that empowers.

**A pathway to employment**  
Crown has helped to create a path for workforce. Crown's Disability Program actively provides training to help you gain the skills needed to work with us. Disability is a strength that empowers.

**CROWN TOWERS**  
VOTED AUSTRALIA'S BEST HOTEL

**AWARDED AUSTRALIA'S BEST HOTEL - ASIA PACIFIC AWARDS**

Crown Towers Melbourne was crowned the 'Best of the Best' in the Asia Pacific region, an accolade that is a testament to the hotel's exceptional service, world-class amenities, and its commitment to providing a truly unforgettable experience for its guests.

The experience Australia's Best Hotel can't be topped. Call 181 202 0000 or visit [www.crowntowers.com.au](http://www.crowntowers.com.au)

**REAL JOBS AND REAL OPPORTUNITIES**

**CROWNABILITY - CROWN'S DISABILITY EMPLOYMENT PROGRAM**

**LAUNCH OF CROWN'S DISABILITY EMPLOYMENT PROGRAM**  
Crown Resorts has launched its Disability Employment Program, a commitment to provide opportunities and inclusive workplaces for all our employees. The Active Plan includes roles, training, responsibilities and support to help Crown become one of the country's leading employers in offering meaningful employment solutions for people with a disability.

**EMPLOYMENT OPPORTUNITIES**  
Crown has been working hard to recruit and engage people with a disability and our Disability Employment Program has proven that a disability should not be a barrier to becoming a successful career.

Be proud and know you can become a part of our world-class team. Visit [www.crowntowers.com.au](http://www.crowntowers.com.au)

# 1a. Paid Advertising – Banner Advertisements



## Front-page Banner Advertisements

- Cost effective
- Keeps Crown Resorts top of mind in a positive way
- Reinforces primary ad message



## 1a. Paid Advertising Television



### Recommendation

**Produce a new TV advertisement to highlight Crown's positive contribution to stakeholders and the public.**

Over the years and depending on budget, Crown has run proactive, positive corporate advertising campaigns which have proven to be very effective at communicating our relevant message to the public and stakeholders at the State and Federal level. (see Appendix B for detail).

A quality TV advert takes a few months to research and produce. Crown can start this work immediately with a view to airing the TV advertisement from March 2020.

#### Key Observations:

The 'Doorman TV Advertisement' concept that ran in the lead up to the approval of Crown Sydney in 2013 is still recognised as one of the most successful corporate branding campaigns run in Australia. It was critical to changing stakeholder and community attitudes towards Crown Sydney.



# 1b. Paid Advertising Plan and Budget (Phase 2: FY 2020-21)



July – December 2020

A large black rectangular area covering the main content of the page, indicating that the data has been redacted. Only the left-hand column headers are visible.

P  
D  
H  
T  
T  
T  
T  
V  
P  
S  
M  
P  
S  
R  
S  
S  
I  
C  
E  
P  
T

# 1b. Paid Advertising Plan and Budget (Phase 2: FY 2020-21)



January – June 2021



## 2. Positive Earned Media



### Recommendation

**Develop and implement a three month press and social media plan in conjunction with C|T.  
Recruit, develop and train a Crown Spokesperson.**

#### Media relationships:

- Continue to build strong relationships with key editors and journalists.

#### Three month forward plan:

- Finalise (with C|T) a three month forward plan of potential positive stories which reinforce our economic and community contribution. A draft list of potential positive announcements is outlined on the next slide.

#### Crown Resorts Foundation:

- Develop with C|T a plan to promote the work of the Crown Resorts Foundation. This provides Crown Resorts with immense corporate goodwill amongst government and community stakeholders.

#### Integrate Crown Sydney Opening media plan:

- Integrate the Crown Sydney Opening media plan into the overall Corporate brand campaign to maximise the impact and ensure consistency of message.

#### Develop a Crown Spokesperson:

- Crown misses many opportunities to promote its positive stories and to dispel unwarranted media attacks in a timely manner due to the lack of a trained and experienced spokesperson.
- It's recommended that Crown urgently recruit, develop and train a spokesperson who can do positive and defensive media. This person could proactively do interviews about issues impacting Crown and the broader tourism industry or respond to any unfounded allegations in a timely manner. C|T will assist us in identifying and training the right candidate.

#### Industry Media Plan:

- Work closely with other integrated resorts to promote the benefits of our industry to stakeholders and the wider community.

## 2. Positive Earned Media



### Earned Media Opportunities (Dec-Feb)

#### Melbourne

<i>Key themes:</i>	<i>The Pitch</i>	<i>Media target and details</i>	<i>Deadline:</i>
CSR – Crownability	Crownability breaks down barriers to work for almost 500 Australians (3 Dec, International Day of People with a Disability, Crownability Roundtable event with Kurt Fearnley)	Media alert ahead of event, media release and interviews on the day	3 December 2019
CSR – Charities	Employee giving & Salvos Christmas wishing tree (3000 plus presents donated)	Herald Sun	December 2019
Behind the scenes	Behind the scenes at Crown: Head Chef of Crown's busiest kitchen reveals his biggest tips to make Christmas lunch a breeze	Sunday Herald Sun/news.com.au	December 2020
Jobs and economy	Crown in numbers- 30 million visitors a year contributing \$3.5 billion to the Melbourne economy, 2.1m meals served, \$70m cash & car jackpots won, 1m decks of cards used	Herald Sun/The Australian	January 2020
CSR – Indigenous employment	Employee profile - Amos Taylor from surveillance graduated from the University of New South Wales Australian Graduate School of Managements Emerging Indigenous Executive Leadership Program	Indigenous media/Seven/Herald Sun	February 2020

\*A more detailed plan is being prepared for the Sub-Committee.



## 2. Positive Earned Media



### Earned Media Opportunities (Dec-Feb)

#### Sydney

<i>Key themes:</i>	<i>The Pitch</i>	<i>Media target and details</i>	<i>Deadline:</i>
Profile piece	Peter Crinis - One of Australia's most successful hoteliers to lead Sydney's newest tourist attraction. (Feature NSW tourism stats and the need to increase overnight stays)	Daily Telegraph – then follow up with the travel magazines	December 2019
Entertainment value	We bring you the most exclusive view of Sydney's NYE fireworks at Crown Sydney - which is now TBC levels up and TBC metres tall.	Preview during the day and fireworks coverage during the night Daily Telegraph, Seven, Nine	31 December 2019
Jobs	250,000 work hours clocked per month on NSW's tallest building.	Provide access to Greg Munday or Chuck for interviews Seven, Daily Telegraph, Nine	December 2019
Jobs	Women in Crown construction: Meet the women building Sydney's new six-star hotel. (Lendlease PR to be looped in)	Daily Telegraph	January 2020
Building milestone	Crown Sydney has made its mark on the city, with its first 'Crown' sky sign going up TBC months before it is expected to open in 2021 (to be accompanied with construction update)	TV's or Daily Telegraph, photo opp, construction update, access to Greg Munday	1 February 2020
Building milestone	Globally renowned architect Chris Wilkinson touches down in Sydney for the first time since the build started. Hear more about his vision for the building and what Sydney can expect upon its completion in 2021.	WISH magazine, Chris Wilkinson interview, photoshoot, bespoke pitch and imagery	February 2020
Restaurants	Top female chef in the world Clare Smyth brings Core to Crown Sydney. (Clare was selected to do the catering for the wedding of Prince Harry and Meghan)	Sunrise exclusive interview, Gourmet traveller magazine, Qantas Magazine, WISH, AFR magazine, Life, Leisure Luxury Magazine, the Weekend Australian Magazine	Earliest – February 2020

\*A more detailed plan is being prepared for the Sub-Committee

### 3. Direct Stakeholder Engagement



#### Recommendation

##### **Renew and intensify stakeholder briefings, tours of Crown's Resorts and hosting of guests at events.**

The Crown Tours and Stakeholder Information Briefings play a very important part in dispelling myths and helping to tangibly demonstrate the major contribution Crown is making to the communities in which it operates.

These briefings are provided to Ministers, Shadow Ministers, MPs, senior bureaucrats, media and other important stakeholders at the State and Federal levels. The aim is to educate them on:

- Contribution to the economy/tourism.
- Employment and training.
- Supply chain impact on Victorian/WA small businesses.
- Crown's extensive and highly regarded diversity programmes including the Indigenous Employment Program, *Crownability*, LBGTIQ+, Gender diversity and family support.
- Sustainability programmes such as CROWNEARTH.
- Crown Foundation and Community Champions.
- RSG – with a tour of the Responsible Service of Gaming Centre and focus on the use of facial recognition technology.
- Investment in technology and health programs to protect staff working in smoking exempt areas.
- The value of our International VIP Gaming operation and the importance of smoking exemptions.
- Destination gaming vs convenience gaming.

Melbourne Inner City MPs are briefed on how many Crown staff live in their electorates. We should also provide them with a breakdown of how many Crown loyalty members live in each electorate.

## 3. Direct Stakeholder Engagement



### Recommendation (cont)

#### An active program of briefings and tours

##### Melbourne:

- Over the last 9 months 17 Victorian MPs have toured Crown Melbourne and a number of Victorian and Federal MPs are booked in for tours in early 2020.

##### Perth:

- Perth has an ongoing program of tours for MPs and other key stakeholder.

##### Sydney:

- We have started offering tours of the Crown Sydney building site.
- We have already had a number of Ministers and staffers tour the site, including the NSW Treasurer Dominic Perrottet on the 26<sup>th</sup> of November.

#### Hosting events

Crown should renew corporate suites subscriptions to major sports and cultural events in Sydney, Melbourne and Perth to host stakeholders. This should be done according to Crown's policies with proper reporting in place.





## 4. Media Partnerships

### Recommendation

**Partner with News Limited and other media on campaigns that reinforce our brand values**

Over the last 5 years, depending on budget and upcoming issues, Crown has successfully collaborated with media outlets including the Daily Telegraph, the Herald Sun and Channel 7 on campaigns like ‘The Bradfield Campaign’, ‘Project Sydney’ and ‘Future Melbourne’.

These campaigns have helped build Crown’s brand alignment with key economic and tourism issues and also been a positive in terms of our relationship with media and likeminded organisations.

**Key Observations:**

Partnership campaigns also deliver great value in terms of editorial content, endorsement and free advertisements.





## 4. Media Partnerships

### Case Study

# The Daily Telegraph's 7 day Bradfield Campaign which celebrates visionary projects being built in Sydney.

For an investment of around \$120,000 we receive:

- 4 free full page advertisements.
- At least 2 editorial stories during the campaign.
- 2\* social media posts on Daily Tele Facebook page.
- 2\* dailytelegraph.com.au homepage buyout.
- Our logo is prominently placed at the top of the newspaper during the campaign.
- Crown is mentioned and commended a number of times at the Bradfield Oration lunch which is usually attended by the Prime Minister, the Premier, senior ministers and key Sydney figures.



### Sydney's new selfie drawcard

**MATTHEW HENS**

THIS architect responsible for what will soon be Sydney's second tallest building wants it to be as Instagram and selfie worthy as the Opera House.

Crown Sydney designer Chris Wilkinson also wanted Sydney to be a "21st century Venice outside" but wanted to avoid simply relying on the harbor's natural assets to keep tourists happy.

"He then WilkinsonEye has worked on the redevelopment of Botany Power Station, the Olympic stadium and the Garden by the Bay in Singapore.

"The Crown Sydney at Barangaroo will be a landmark tower" and feature Sydney's most luxurious hotel.

Mr Wilkinson hopes it will be a hit with tourists taking selfies. "The Opera House was

very important for its day and still is one of the world's most popular destinations," he said.

"With the rise in popularity of selfies and Instagram moments these architectural landmarks are becoming more and more an important representation of the city.

"The trend is being seen across the developing world and Pacific Asia in particular, including many places where WilkinsonEye has worked."

Mr Wilkinson said it was important architects working in Sydney continued "to evolve and not be complacent."

"We can't just rely on the Harbour and its significant landmarks to position Sydney as a leading architectural city," he said. "We need to push the envelope when it comes to the architecture and design of our buildings in the CBD and surrounding areas."

"The architect said he felt "floored" with the opportunity to build Crown Sydney as "such a spectacular waterfront site" and hoped it would be "a beautiful landmark addition to the City of Sydney" that would make people happy.

### Crown's win with job drive

**ANURA BHARADWAJ**

MORE than 800 indigenous Australians have secured jobs with Crown Resorts in the 91 years its indigenous employment drive has been running.

To celebrate the milestone anniversary, the company has committed to employing indigenous people in Sydney when Crown Sydney opens in early 2021.

HR head Alicia Glenon said the program – launched in 2009 in Melbourne and Perth – had been a success but the company hopes to continue its momentum.

"We're excited about Sydney and the opening of our new resort in early 2021 as it enables us to increase the footprint of this program and help to open up new pathways for indigenous people living in Sydney and NSW more broadly," she said.

Alongside the award-winning program, Crown Resorts has committed \$20m over the next 10 years to charities with a focus on indigenous education.

This year the company launched 78 new opportunities and 90 internal opportunities for those already employed.

Crown Perth indigenous program manager, Shantel Niyerite was among the program's first hired employees.

"It is extremely gratifying to not only have graduated from the program myself but to now be able to play an instrumental part in helping other members of the Aboriginal and Torres Strait Islander community secure sustainable employment and meaningful career pathways," she said.

### Luxuries Crown our top tourism spot

**SYDNEY** is the No.1 tourism destination in Australia, but it is not enough to compete with the nation, it needs to compete with the rest of the world.

Crown Sydney chief operating officer Peter Criss said "Part of this winning equation world-class facilities, resorts and hotels that match the best of other global destinations like Hong Kong, Singapore and Shanghai offer."

Mr Criss told The Daily Telegraph "The key sector of the market that is evolving like never before is the luxury one."

He said for Sydney to maintain its competitive advantage, it had to lead at the forefront of innovation.

Sydney attracted A\$ million overnight stays in the 12 months to June 30, 2019, with visitor nights increasing by 8.7 per cent, according to a Deloitte Access Economics report last month.

Crown Sydney Hotel, Resort, which plans to open in February, will be the city's first six-star resort and second tallest building.

It will offer luxury residences, signature restaurants, bars, luxury retail outlets, pool and spa among other services to meet the demand for luxury tourism.



## 4. Media Partnerships

### Other successful campaigns we've partnered with News Limited on:

- The Australian: Future Cities.
- The Herald Sun: Future Melbourne.
- The Daily Telegraph: Go West & Project Sydney.
- Crown has also been able to announce assistance for bushfires and other major appeals through New Ltd papers and other media.
- Crown should continue to consider opportunities to provide assistance in times of national emergency.



## 5. Revive Important Corporate Publications



### Recommendation

**Reinvigorate Crown Resorts publications. Ensure they are distributed to key stakeholders throughout the year.**

Crown has a very positive story to tell and our corporate responsibility initiatives are very appealing to politician, business and community leaders. Distributing these high quality publications will help keep Crown top of mind and play an important part in reinforcing our positive messages.

#### Publications include:

- Corporate Responsibility Report.
- Contribution to Melbourne Report.
- Contribution to Perth Report.
- Crown Resorts Foundation Annual Report.
- Indigenous Reconciliation Plan.
- CROWN*ability* Action Plan.





# 5. Revive Important Corporate Publications

Crown has had an excellent response to these publications in the past, with a very large number of Ministers and MPs writing back to thank and congratulate us on our achievements





## 6. Leverage Crown Resorts Visitors



### Recommendation

**With over 18,500 people working at our resorts, 87,000 visits / day and over 460,000 Crown loyalty members, Crown should be actively marketing our brand message to these people on a regular basis.**

#### Staff:

With over 18,500 staff working across our two resorts, and another 2,000 when Crown Sydney opens, we should make sure our staff are aware of Crown's contribution message. This will be good for staff morale and we should encourage them to share the information with their family and friends. We can work with HR to establish the best methods to communicate with staff and a detailed plan of what and when material is sent to them.

#### Loyalty Members:

Crown has approximately 460,000 active members of its loyalty program across Australia. While many of these members may already be Crown supporters there is still a major benefit in communicating our achievements with them. Word of mouth campaigning remains the strongest campaigning technique. We should develop a plan and material to email to them occasionally selling Crown's contribution message.

#### Social Media Followers:

Crown Melbourne and Crown Perth have hundreds of thousands of followers on Facebook, Instagram and Twitter. Crown should develop a social media communications plan to deliver our corporate brand message to these people.

##### Crown Melbourne:

- 307,000 Facebook followers.
- 152,000 Instagram followers.
- 22,000 Twitter followers.

##### Crown Perth:

- 152,000 Facebook followers.
- 12,000 Instagram followers.

## 6. Leverage Crown Resorts Visitors



### Resort Visitors:

Crown's two resorts attract over 87,000 visits / day. We have thousands of on-site promotional devices to promote Crown's contribution message to these people.

Further consideration should be given to how we target specific groups of visitors like senior, conference attendees or palladium guest.

For example, Crown attracts hundreds of seniors every week through its 'bus program'. On the bus trip or before the bingo show, Crown could run a brief brand advertisement on the screen or the Bingo MC could mention Crown's contribution in their introduction.

Hundreds of thousands of people attend conferences or visit the Palladium every year. We should consider strategies to communicate a message to them about Crown's contribution.

### Onsite promotional devices:

Crown Melbourne and Perth have thousands of on-site promotional devices dedicated to point of sale marketing of retail and gaming products and services. We can use some of these assets very effectively to also sell our corporate brand message to the tens of thousands of people who visit every day.

We will work with Crown's Marketing team to establish a list of suitable assets we can use to promote the corporate brand message, without compromising marketing's retail and gaming efforts.

### Some of our point of sale marketing devices include:

#### Fixed Assets:

- Duratrans, back-lit posters, flags, billboards, portable stands, decals, column wraps, brochure stands, car park boom gates, hoardings, machine bank ends, maps.

#### Digital Assets:

- Digital Billboard above the Kingsway Tunnel, Hotel TVs, Mega Screens, LED Screens, Wayfinders, Motion Trans, Table Games Screens, PA system, Machine Bank Ends, Next Gen, Messages on Hold.

#### Hotels Point of Sale:

- Compendiums, TVs, lift screens, key cards, printed collateral ('What's On', promotions and offers).

#### F&B Point of Sale:

- Menus printed and digital, bill holders, portable display stands, bar talkers, posters, placemats, till toppers, portable stands, brochures, TVs.



## 6. Leverage Crown Resorts Visitors



### Recommendation

#### Urgently update and distribute the Crown Resorts Corporate Brochure.

Tens of thousands of guests stay in our hotel rooms every year. They are a captive audience and this is a well designed and informative brochure which very simply communicates our key achievements.

Crown has had extremely positive feedback on this brochure in the past from stakeholders and hotel guests.

This high quality brochure contains key targeted messages and images which reinforce Crown's economic and community contribution including:

- Economic contribution
- Tax contribution
- Infrastructure investment
- Employment achievements
- Training achievements
- Indigenous employment record
- Corporate responsibility
- Crown Resorts Foundation

This document should be updated annually & distributed to:

- All Crown Resorts Hotel Rooms
- Important functions and events
- Mailed out to all stakeholders



## 7. Mobilise Third-Party Organisations

### Recommendation

**Crown partner with, support or sponsor key business, tourism, sporting or community organisations which are willing to support Crown and help communicate its positive story.**



Having third-party business, tourism or community groups advocate on behalf of Crown and Integrated Resorts, is much more powerful than having Crown advocating on their own behalf.

Over the last few years some of Crown's strongest public defenders and supporters have been third-party advocacy bodies who we have worked closely with:

- Tourism and Transport Forum
- The Sydney Business Chamber
- The Western Sydney Business Chamber
- The Urban Taskforce
- The National Centre of Indigenous Excellence

A number of these organisations openly supported and advocated for Crown Sydney during the unsolicited proposal process.

## 8. Lead Policy Advocacy



### Recommendation

#### Re-establish Crown as a leader in the tourism industry, and lead the policy debate on issues which affect the tourism industry.

Proactively offer to assist Federal and State Governments with work they are doing in the tourism sector helps reinforce the importance of Crown's tourism offering.

- It also legitimizes Crown as a good corporate citizen.
- This cooperation has helped ensure Crown is featured in many interstate and international tourism advertising campaigns.
- After assisting the Federal Government with their Asian Century White Paper Crown received a very complimentary mention in the final report.
- Work with The Star and Sky City on policy issues which are important to the industry.
- Long-term, consider re-establishing Integrated Resorts Australia to advocate on behalf of the industry.



Tourism Australia  
Campaign Images  
have featured Crown  
Resorts



## 9. Better Prepare for Future Negative Media

### Recommendation

---

**C|T should work with the Crown Media Team to undertake an audit and assessment of dominant criticism and negative media themes over the last few years.**

This will allow Crown to better anticipate, prepare for and respond to future negative stories in a more timely and effective manner.

Many criticisms made of Crown by the media tend to be variations on a similar theme or repetitive criticisms relating to responsible gaming issues.

C|T Group should work with the Crown Media Team to undertake an audit and assessment of these dominant negative media themes. This will assist Crown in better anticipating and responding to any future questions or criticism in a timely manner.

This will also allow Crown to create a bank of strengthened responses to each of the common negative media themes to be used on an ongoing basis.

C|T can also assist us in identifying other ways to address common lines of inquiry and media attention, such as through the Crown website.

## 10. How to Promote Crown's Commitment to Responsible Gaming



### Recommendation

Undertake further research to establish the most effective way to communicate and advertise Crown's genuine commitment to and investment in responsible gaming

Problem gambling is the issue having the largest negative impact on Crown's favourability:

There's a conflict of interest for Crown to be vigilant about gambling, when so much of its revenue is generated from problem gamblers:

Net +58%

Agree:

65%

(28% strongly, 37% somewhat)

Disagree:

10%

(5% strongly, 5% somewhat)

Unsure:

28%

Crown has pokies in its existing resorts which target vulnerable people with gambling addiction:

Net +49%

Agree:

60%

(28% strongly, 35% somewhat)

Disagree:

12%

(3% strongly, 9% somewhat)

Unsure:

28%

Crown has not done enough to combat the rise of problem gambling addiction:

Net +42%

Agree:

55%

(23% strongly, 32% somewhat)

Disagree:

13%

(3% strongly, 10% somewhat)

Unsure:

32%

### Key Observations:

- C|T Research found that responsible gaming was the largest issues negatively impacting Crown's brand and reputation.
- While all the messages tested show a extremely negative attitude towards Crown's commitment to problem gaming, they also indicate that Crown has not successfully communicated its commitment to and investment in responsible gaming measures.

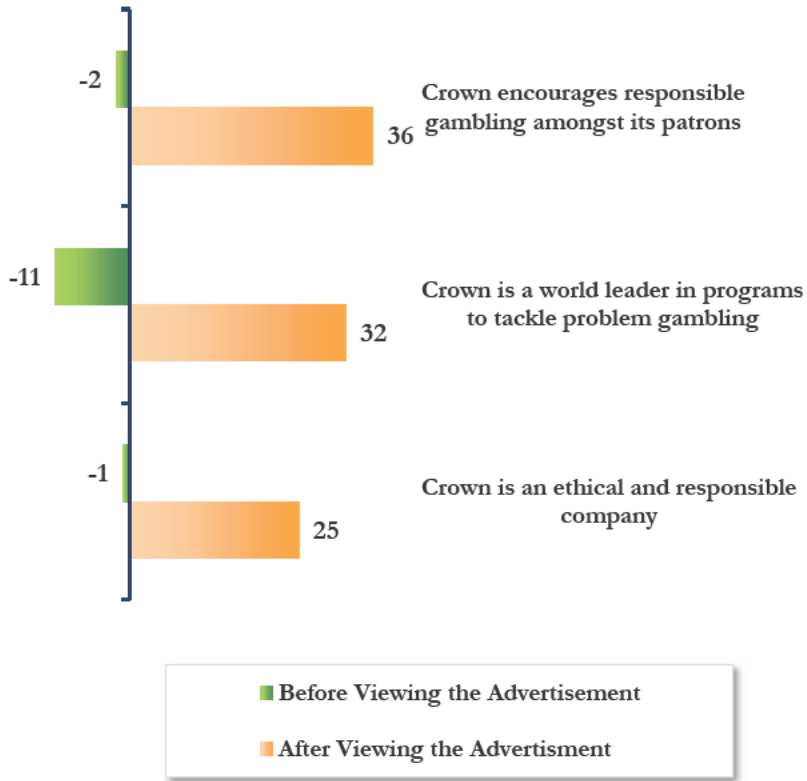


# 10. How to Promote Crown’s Commitment to Responsible Gaming

## Background and Key Observations:

- Anecdotally, we know that when we educate stakeholders about our investment in responsible gaming programs, it:
  - (1) is something they are not aware of and
  - (2) it makes them much more positively disposed towards Crown.
- In 2012, Crown engaged C|T to conduct research on a potential advertisement which communicates Crown’s commitment to responsible gaming and it was found to have a very positive impact on the public’s view of Crown.
- **Impact of viewing Crown’s 2012 Responsible Gaming Draft Advertisement:**  
 (Agree or disagree with these statements):
  - Crown is a world leader in programs to tackle problem gaming:  
Up a massive 41 points, from -11% to +32%
  - Crown encourages responsible gambling:  
Up 38 points, from -2% to +36%
  - Crown is an ethical and responsible company:  
Up 18 points, from -1% to +25%
- Further research is needed but if we get the message, tonality and medium of advertising right, it could be a game changer in terms of attitudes towards Crown.

Agreement with the following statements, before and after watching a draft advertisement on Crown’s responsible gaming commitment, C|T Research 2012





## 11. Corporate Affairs Annual Budget (not including advertising)





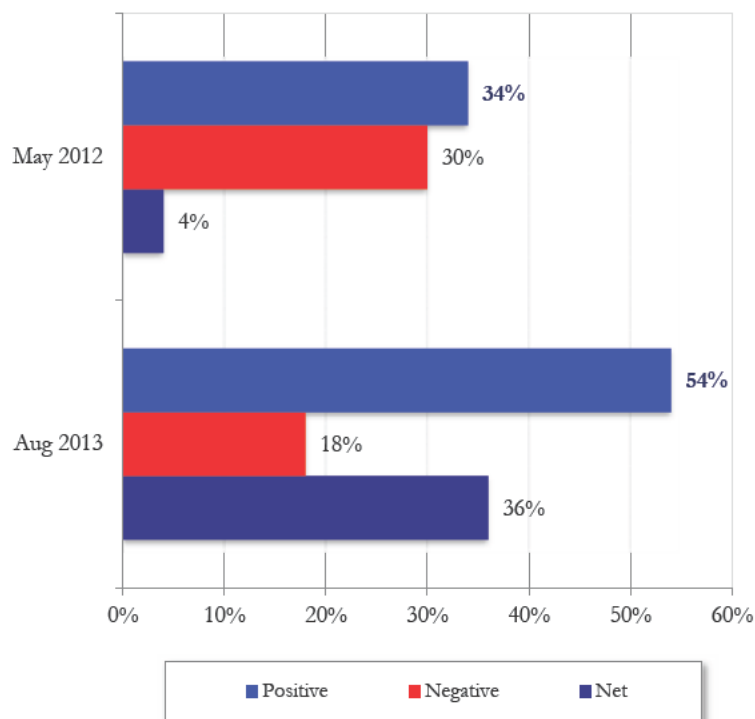
# APPENDIX



## Appendix A: Success of our last Crown brand campaign

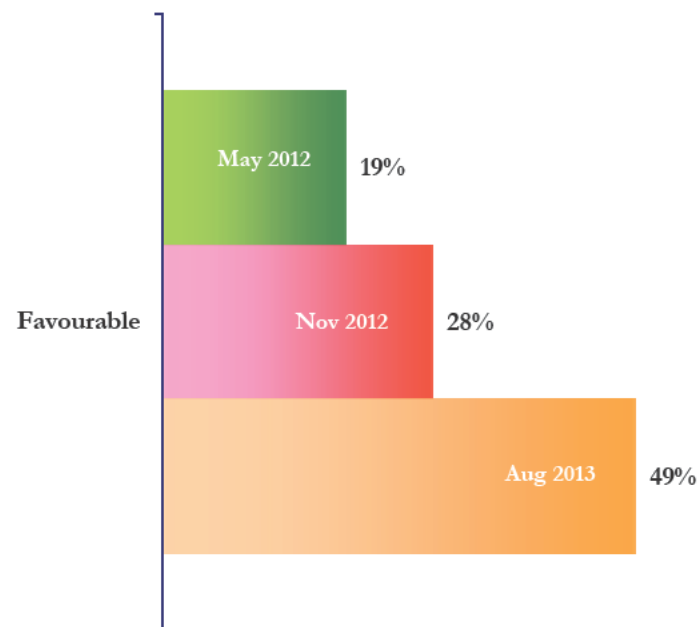
### Attitude to Crown Melbourne:

Favourability increased from 34% positive to 54% positive after a 12 month campaign.



### Attitude to the Crown Sydney Hotel Resort Proposal

Favourability increased from 19% positive to 49% positive after a 12 month campaign. This was despite a massive campaign against Crown Sydney by Fairfax and the ABC.





## Appendix B: Success of the last Brand TV Advert ‘The Doorman’

### Brand has a positive impact on business performance:

#### Increase in VIP visitation:

During the period of the last brand campaign, the business had from a significant increase in VIP gaming visitation. Many of the managers at the time put it down to the positive brand campaign.

#### Significant impact of TV Advert:

The below Melbourne research from Aug 2013 shows 41% of people who watch the ‘Doorman’ TV advertisement said they were more likelihood to visit Crown.

#### VIPs put greater value on Brand:

Research shows that high net worth individuals place much greater significance on brand value. Given our VIP target market for Crown Sydney, it’s imperative that we improve the brand before opening.

Likelihood to visit Crown after viewing the ‘Doorman’ Advertisement

