



Crown Resorts Limited (ABN 39 125 709 953)

Meeting of the Board of Directors held on Wednesday, 31 October 2018 at
4.00pm at Botanicals 4, Crown Perth, Western Australia

Present:

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

Mary Manos (Secretary)

By invitation:

Ken Barton
Karl Bitar
Barry Felstead
Lauren Harris
Alan McGregor
Richard Murphy (MinterEllison) (Agenda Items 6.1 and 7.1 only)
Todd Nisbet
John Poynton

Apologies: Mark Arbib

BUSINESS

Draft Minutes of Meetings:

Minutes of Meeting held on 8 August 2018:

It was **RESOLVED** that the Minutes of the Board Meeting held on 8 August 2018 be approved.

Minutes of Meeting held on 11 September 2018:

It was **RESOLVED** that the Minutes of the Board Meeting held on 11 September 2018 be approved.

Written Resolution dated 19 October 2018:

It was **RESOLVED** that the Written Resolution dated 19 October 2018 be noted.

Matters Arising:

The Matters Arising paper was taken as read and it was noted that each of the matters would be dealt with at the December 2018 Board meeting.

Trading Update:

Ken Barton spoke to the Trading Update for the Group to 28 October 2018 noting that:

- Crown Melbourne – Local Tables were below budget, down \$5.8 million year to date due to a significant decline in premium Table spend per visit, with Local Tables making some recovery in October but still reflecting soft results. Main floor Gaming Machine volumes were up by approximately 8% on budget. Excluding Local Tables, Crown Melbourne should meet budget.
- Crown Perth – Local Tables were below budget by \$2.7 million YTD. Labour hours for Tables have now been reduced due to lower visitation numbers.
- Management will continue to work on marketing initiatives to try and improve spend at both Crown Melbourne and Crown Perth.
- Crown Aspinalls was below budget (actual) with a particularly unlucky October.
- Both Wagering & Online and Corporate were tracking on budget.

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

CEO's Report:

The CEO's Report was taken as read.

Barry Felstead provided the Board with an update on current issues, noting the following:

- Negotiations in relation to Crown Melbourne's Area Manager Enterprise Agreement were continuing with Crown Melbourne having offered a 2.5% increase per year.
- The Victorian Commission for Gambling and Liquor Regulation (**VCGLR**) was currently investigating an electronic gaming machine which was alleged to be operating in 'unrestricted mode'. The manufacturer, IGT,

has since identified that the machine was not operating in unrestricted mode, but rather it had a wiring fault which simulated independent button presses when a particular button was held down. Crown Melbourne has responded to the notice issued by the VCGLR and is awaiting a response from the VCGLR.

- As part of the Western Australian Government's recently announced sale of the Western Australian TAB, the Government has indicated its intention to include simulated products, including Trakside which Crown Perth currently has exclusive rights to in Western Australia. The Government has proposed that Crown be provided with an upfront payment of \$1.2 million to allow Trakside to be available outside Crown Perth. Crown Perth has indicated its support of the proposal subject to further protections being provided and the receipt of Board approval.
- The recent allegations made against Bistro Guillaume in relation to the underpayment of staff, noting that PwC has been engaged to undertake an independent audit.
- Management has been in discussions with the Premier and Treasurer's offices in relation to the requirement to commence development of approximately three hectares of undeveloped residual land at Crown Perth by no later than September 2020. If this obligation is not met, the State has the option to repurchase the undeveloped land at the original purchase price.

The Board discussed the above matters, in particular in relation to the testing processes for electronic gaming machines and the audit processes around restaurant staff entitlements.

Ken Barton provided the Board with an update on recent discussions with Assistant Treasurer, Stuart Robert, in relation to the exemption sought by casinos from the Black Economy Taskforce's proposed \$10,000 limit on cash transactions. It was noted that the Assistant Treasurer had indicated his intention to exclude all AUSTRAC major reporters from the proposed legislation.

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

2018 Annual General Meeting:

Proxy Reports and Voting Recommendations:

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

Mary Manos noted that copies of the latest drafts of the Executive Chairman's Address and Q&A for the Annual General Meeting had been tabled and invited the Board to provide any comments on the draft Executive Chairman's Address prior to the Annual

General Meeting.

Ken Barton advised the Board that the final proxy vote report had been tabled, noting that:

- 90.79% of votes cast were in favour of the Remuneration Report which, excluding Consolidated Press Holdings Pty Limited (CPH), represents approximately 79% of votes cast in favour of the Remuneration Report.
- Of the discussions held with majority of the Company's top 25 shareholders, only two indicated their intention to vote against the Remuneration Report.
- The Australian Shareholders' Association had indicated its intention to vote in favour of the Remuneration Report subject to the Company undertaking to improve disclosure in the Remuneration Report, particularly in relation to Short Term Incentives.

AGM Webcast:

The AGM Webcast paper was taken as read.

Mary Manos noted that management had undertaken a benchmarking exercise which indicated that 92% of the ASX50 companies as well as a number of other key listed peer companies webcast their Annual General Meetings and it was therefore recommended that the Board approve the publication of an audio recording of the Company's 2018 Annual General Meeting on the Company's website following the Annual General Meeting and the live audio webcast of future Annual General Meetings.

It was **RESOLVED** that:

- a recording of the 2018 Annual General Meeting of the Company, to be held on 1 November 2018, be made available on the Company's website following the AGM; and
- from 2019, Annual General Meetings of the Company be webcast live by audio on the Company's website, with an archive of the recording retained on the Company's website.

REDACTED - PRIVILEGE



REDACTED - PRIVILEGE

Crown Sydney Sight Lines:

John Alexander and Todd Nisbet provided the Board with an update on the hearing which commenced on 29 October 2018, noting that the Barangaroo Delivery Authority (BDA) had taken a narrow construction of the sight lines clause in the Crown Development Agreement.

It was noted that the Company was expecting to receive the BDA's discoverable documents on Friday, 9 November 2018.

The Board discussed the potential impact of the BDA's current proposal on Crown Sydney and it was noted that there would be no impact on the Crown Sydney residences.

Tax Matters:

Ken Barton noted the two tax matters that are continuing before the Courts.

In response to a query raised by Helen Coonan, it was noted that total litigation costs, excluding the Class Action which is covered by Directors and Officers insurance, are approximately \$1 million to \$1.5 million per month.

Development Update:***Key Development Matters:***

The Development Update was taken as read.

Among other matters, Todd Nisbet highlighted the following in relation to Crown Sydney:

- marketing events were held offshore, with a strong promotional calendar planned for November and December;
- since launching the marketing suite in May 2018, purchasing power has reduced given the decline in the value of the Australian dollar against the US dollar;

- negotiations are continuing in relation to the full floor apartment on Floor 80; and
- the Company had been offering purchasers a 2% return on deposits.

In relation to One Queensbridge, Mr Nisbet advised the Board that the Company is considering reducing the total number of apartments in the building to attract equity investors and including some alternative options, including the possibility of a commercial use area.

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

Capital Management Update:

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

Ken Barton advised the Board of the following:

- the Subordinated Notes under the code "CWNHA" were redeemed on 14 September 2018; and
- the share buy-back was on hold pending release of the Company's trading update at the Annual General Meeting and stabilisation of the market and gaming stocks.

Investor Relations Report:

The Investor Relations Report was taken as read.

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

Committees:

Draft Minutes of Meeting of the Nomination and Remuneration Committee held on 23 October 2018:

The draft minutes were taken as read.

It was **RESOLVED** that the draft minutes of meeting of the Nomination and Remuneration Committee held on 23 October 2018 be noted.

Draft Minutes of Meeting of the Corporate Social Responsibility Committee held on 26 September 2018:

The draft minutes were taken as read.

It was **RESOLVED** that the draft minutes of meeting of the Corporate Social Responsibility Committee held on 26 September 2018 be noted.

Draft Minutes of Meeting of the Responsible Gaming Committee held on 26 September 2018:

The draft minutes were taken as read.

It was **RESOLVED** that the draft minutes of meeting of the Responsible Gaming Committee held on 26 September 2018 be noted.

Other Business:

Controlling Shareholder Protocol: Guy Jalland and John Poynton left the meeting.

The Controlling Shareholder Protocol paper was taken as read.

Mary Manos advised the Board that when James Packer ceased as a director of the Company, the Company was no longer able to provide him with confidential information. As such, it was proposed that the Company enter into the Controlling Shareholder Protocol in the form included in the Board papers to regulate the sharing of Company information with CPH and Mr Packer. It was noted that the Nomination and Remuneration Committee had considered the proposal in detail and had recommended that the Board approve entry into the Controlling Shareholder Protocol.

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

- adopting the Controlling Shareholder Protocol was considered to be in the best interests of the Company;
- the Controlling Shareholder Protocol be approved and adopted by the Company;
- any two directors or any one director and the company secretary be authorised to execute the Controlling Shareholder Protocol; and
- any one director or the company secretary be authorised to do any act, matter or thing, necessary or desirable in connection with the above resolutions.

Future Meetings: The future meeting dates were noted.

Closure: There being no further business, the meeting was declared closed at 6:12pm.

Signed as a correct record

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

Chairman