

VICTORIAN CASINO AND GAMING AUTHORITY

CROWN LIMITED

MELBOURNE CASINO PROJECT

**SEVENTH VARIATION AGREEMENT
TO THE CASINO AGREEMENT**

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MELBOURNE CASINO PROJECT

SEVENTH VARIATION AGREEMENT TO THE CASINO AGREEMENT

DEED dated 2 July 1998

BETWEEN VICTORIAN CASINO AND GAMING AUTHORITY, a statutory authority established under the *Gaming and Betting Act 1994* with its office at Level 5, 35 Spring Street, Melbourne ('Authority')

AND CROWN LIMITED ACN 006 973 262 of Level 1, 99 Queensbridge Street, Southbank ('Company')

RECITALS

- A. The Authority and the Company entered into an agreement dated 21 September 1993 providing among other things for the grant of the Casino Licence to the Company ('Casino Agreement').
- B. The Casino Agreement has been varied by documents dated 19 November 1993, 31 March 1994, 25 May 1994, 7 March 1995(2) and 8 May 1997.
- C. The parties have agreed to amend the Casino Agreement in the manner set out in this document.
- D. The Minister has given approval to the Authority entering into this document under section 142 of the *Casino Control Act* and in accordance with clause 4 of the Casino Agreement.

AGREEMENT

1. DEFINITIONS

Unless the context otherwise requires or the contrary intention appears, terms defined in the *Casino Control Act* or the Casino Agreement have the same meaning when used in this document.

2. VARIATION OF CASINO AGREEMENT

The parties agree that the Casino Agreement is varied with effect from the date of this document in the following manner:

- (a) the following definitions are included in clause 2 in their appropriate alphabetical order:

'Group' means the Company and its Subsidiaries and any other entity which the directors of the Company are required to consolidate in the consolidated

2 COMMERCIAL IN CONFIDENCE

profit and loss accounts and balance sheets of the Company under the *Corporations Law*;

'Solvency Report' means a report prepared in accordance with Australian Auditing Standard AUS 904 'Engagement to Perform Agreed Upon Procedures' and paragraphs .21(a) to (e), .23 and .24 of Australian Auditing Standard AUS 708 'Going Concern' and in a form approved by the Authority from time to time;

'Total Assets' means the aggregate of all assets of the Group which according to Australian Accounting Standards are defined, or would be regarded, as assets;

'Total Liabilities' means the aggregate of all liabilities of the Group which according to Australian Accounting Standards are defined, or would be regarded, as liabilities;

(b) the definitions of 'Liabilities' and 'Shareholders' Funds' in clause 2 are deleted;

(c) clause 22.1(m) is deleted and the following substituted:

(m) subject to clause 22.6, the Company must procure that at any time Total Liabilities does not exceed 60% of Total Assets without the prior written approval of the Authority;

(d) the following clauses are inserted as clauses 22.6 to 22.12:

22.6 Any approval given by the Authority under clause 22.1(m) may be given subject to such conditions as the Authority determines.

22.7 If at any time there is any change in Australian Accounting Standards or their application and such change will have a material impact on the compliance by the Company with clause 22.1(m), the Authority agrees to discuss with the Company amendments that may be required to the definitions relevant to clause 22.1(m) to ensure that the provisions of this document would have the same economic effect had such a change not been made. The Authority is not obliged to agree to any such amendments.

22.8 For the purpose of monitoring compliance by the Company with clause 22.1(m), the Company must calculate the ratio of Total Liabilities to Total Assets as at the last day of every month (**'Calculation Day'**) and provide to the Authority written details of such calculation within not more than 10 Business Days after the Calculation Day.

22.9 If the ratio calculated under clause 22.8 is greater than 60%, the Company must procure that its auditor provides to the Authority a Solvency Report in respect of the Company addressed to the Authority by not later than the 20th day of the month following the Calculation Day.

3 **COMMERCIAL IN CONFIDENCE**

- 22.10 If the ratio calculated under clause 22.8 is greater than 60%, the Company may make written submissions to the Authority for consideration by the Authority for the purposes of clause 22.12 in relation to the period within which the Company expects the ratio will not exceed 60% and the financial position of the Company and the Group. Any such written submissions must be provided to the Authority by not later than the 20th day of the month following the Calculation Day.
- 22.11 For the purposes of clause 22.12, the Authority may by notice in writing to the Company require the Company to provide to the Authority within the period specified in the notice such further information as the Authority requires in relation to a Solvency Report or the financial position of the Company and the Group.
- 22.12 If:
- (a) the ratio calculated under clause 22.8 is greater than 60%;
 - (b) the Solvency Report provided under clause 22.9 concludes that there is a reasonable basis for believing that the Company will meet its debts as and when they fall due for the next 12 months;
 - (c) the Authority is satisfied that the Company will comply with clause 22.1(m) within a period acceptable to the Authority; and
 - (d) the Authority is otherwise satisfied with the financial position of the Company and the Group;

the Authority may determine not to issue a notice to the Company under clause 31.2 of this document in respect of the breach of clause 22.1(m).'

3. SOLVENCY REPORT

Unless the Authority gives written notice to the Company otherwise, the form of solvency report included in the schedule to this document is taken to be approved by the Authority for the purposes of the definition of 'Solvency Report' in the Casino Agreement.

4. CONFIRMATION OF OTHER TERMS

The parties acknowledge and confirm that except as varied by this document, the terms and conditions of the Casino Agreement remain in full force and effect.

5. GENERAL PROVISIONS

Clauses 36 and 40 to 47 (inclusive) of the Casino Agreement apply to this document as if expressly included in this document.

EXECUTED as a deed.

THE OFFICIAL SEAL of VICTORIAN)
CASINO AND GAMING AUTHORITY)
is affixed in accordance with the directions)
of the members in the presence of)

Sue Winneke
.....
Chairman

Bill Lahey
.....
Director of Gaming and Betting

SUE WINNEKE
.....
Name of Chairman (print)

BILL LAHEY
.....
Name of Director of Gaming and Betting (print)

THE COMMON SEAL of CROWN)
LIMITED is affixed in accordance with its)
articles of association in the presence of)
)



Anthony Lloyd Seyfort
.....
Secretary

Lloyd John Williams
.....
Director

ANTHONY LLOYD SEYFORT
.....
Name of secretary (print)

LLOYD JOHN WILLIAMS
.....
Name of director (print)

5 COMMERCIAL IN CONFIDENCE

SCHEDULE

SOLVENCY REPORT

TO: Victorian Casino and Gaming Authority

Purpose of report

This report is prepared for the purposes of clause 22.9 of the Casino Agreement between Crown Limited and the Victorian Casino and Gaming Authority, Crown Limited being required by clause 22.9 of that agreement to procure this report on account of it being in breach of clause 22.1(m) of the agreement. We have a copy of the Casino Agreement and are aware of its contents.

Calculation date

The calculation date for the preparation of this report is *[relevant calculation date]*, on which date the debt/equity ratio for the purposes of clause 22.1(m) of the Casino Agreement was *[state ratio]*%.

[If the report is to be submitted later than the 20th day after the relevant calculation date, here insert an explanation for the delay and whether the party giving the report confirms the stated ratio as at the calculation date.]

Scope

[Here state the scope of the report, including any relevant Australian Auditing Standards relied upon, any disclaimers, &c. Also state whether or not the party giving the report is the external auditor of Crown Limited.]

1. We obtained *[audited unaudited accounts &c]* for *[period]* and performed the procedures *[detail procedures or incorporate by reference]*.
2. We assessed the solvency of Crown Limited by *[state what was done]*.
3. *[Here state what was looked for.]*
4. *[Here state to what extent (if any) the accounts have been audited and whether an audit has been performed on the solvency of Crown.]*

Findings

We report that *[for each thing done under paragraph 2 of the Scope, state whether there was improvement or deterioration, &c]*.

Opinion

For the purposes of this report, within its scope and pursuant to its findings, we *[confirm or are unable to confirm]* that nothing has come to our attention that causes us to believe that Crown Limited is not or will not be able to meet its debts as and when they fall due in the period of 12 months from the calculation date. We therefore confirm that there *[is/is not]* a reasonable basis for believing that Crown Limited will meet its debts as and when they fall due in that 12 month period.

[Signed]

Chartered Accountants

[Date]

NOTE ON DISCLAIMERS

The only disclaimer which is not acceptable is one which seeks to fetter the Authority in the way it deals with the report (such as one which states that the report is not to be distributed to any other party).

However, the context in which the report is provided is one of a regulator seeking to be satisfied with the financial position of a regulated entity. The more highly qualified or heavily disclaimed the report is, the less assistance it will provide to that end.