

## VIP Review Workshop #1 held on 9 April 2013

*Attendees: Michael Johnston, Rowen Craigie, Barry Felstead, Ken Barton, Alan McGregor, Craig Spence, Mark Arbib, Karl Bitar, Jason O'Connor, Richard Longhurst, Roland Theiler, Steve Bennet, Brad Kady, Michael Chen, Clayton Peister, Steve Nagle (EY)*

*Apologies: John Alexander, Greg Hawkins*

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### Summary of Work Streams

Area	Work stream	Responsibility	Status / Expected Output Circulation Date
Pricing / Credit	<ul style="list-style-type: none"> <li>Analysis under a revenue share pricing model of how much credit should be extended to fuel a turnover growth trajectory that gets to A\$50bn turnover for Melb and A\$20bn for Perth in the short term and then 15-20% p.a. thereafter?</li> </ul>	JO	
Pricing	<ul style="list-style-type: none"> <li>Analysis of capacity of top 10 junket operators above what they need in Macau to: i) meet minimum volume commitments; and ii) be profitable (where possible distinguishing between VVIP, VIP and Mass Junket)</li> </ul>	MC	
Pricing	<ul style="list-style-type: none"> <li>Produce 'Rate Card' for top 10 junket operators (including matrix of revenue share and commission combination alternatives)</li> </ul>	JO/RT	
Pricing	<ul style="list-style-type: none"> <li>JO and BF trip to Hong Kong to sound out key junket operators on new pricing and any other requirements to win their business</li> </ul>	BF/JO	
Pricing / Customer Analytics	<ul style="list-style-type: none"> <li>Analysis of best way to segment VIP customers base and associated segmentation strategies</li> </ul>	CP/JO	
Sales Team	<ul style="list-style-type: none"> <li>Review of sales team and list of potential candidates to bolster sales team, who have key relationships with players. For example: junket reps who may</li> </ul>	JO/BF/MC	

	<p>transition, on-property hosts who may transition</p> <ul style="list-style-type: none"> <li>– Consideration of candidates for a referral programme – ie. sub agents (eg ex-sales staff)</li> </ul>		
<b>Credit</b>	<ul style="list-style-type: none"> <li>– Macau credit team: find a local team of well connected experienced people; review location alternatives and other logistics/details</li> </ul>	RT	
<b>Credit</b>	<ul style="list-style-type: none"> <li>– Speak to banks (ICBC, BC) to see if they can assist with information to assist in assessment of quality of credit/risk</li> </ul>	MJ/SB	
<b>Credit</b>	<ul style="list-style-type: none"> <li>– Look into ways to bring debts into the Macau / Hong Kong legal regime</li> </ul>	JO	
<b>Credit</b>	<ul style="list-style-type: none"> <li>– Look into alternatives for on-selling debts that have been outstanding for extended periods and assessed as highly unlikely to be able to be recovered by Crown</li> </ul>	RT/MJ/SB	
<b>Foreign Currency</b>	<ul style="list-style-type: none"> <li>– Look into whether there is an opportunity for customers to use China Union Pay to access \$</li> </ul>	BF/JO	
<b>Foreign Currency</b>	<ul style="list-style-type: none"> <li>– Consideration of potential strategic partners (long hard currency, short RMB)</li> <li>– Speak to Bank of China</li> </ul>	MJ/SB	
<b>Tax</b>	<ul style="list-style-type: none"> <li>– Analysis of proposed gaming tax regimes to apply across whole business</li> </ul>	MJ/RL/JO/MA	
<b>Tax</b>	<ul style="list-style-type: none"> <li>– In light of the above analysis consider order of government approaches</li> <li>– Probably Perth first and if so, analysis of Perth under proposed new structure compared to previous proposal to WA government</li> </ul>	RC/MA/MJ MJ/BK/KB/CS	
<b>Tax</b>	<ul style="list-style-type: none"> <li>– Provide outline of what various jurisdictions include in deductibles against gaming revenue for gaming tax calculation</li> </ul>	JO/RL/KB	
<b>Other</b>	<ul style="list-style-type: none"> <li>– Consideration of policy proposals to raise with Coalition in advance of</li> </ul>	RC/MC/M	

<b>Regulatory</b>	election	A	
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*Names Key: Michael Johnston (MJ), Rowen Craigie (RC), Barry Felstead (BF), Ken Barton (KB), Alan McGregor (AM), Craig Spence (CS), Mark Arbib (MA), Karl Bitar (KB), Jason O'Connor (JO), Richard Longhurst (RL), Roland Theiler (RT), Steve Bennet (SB), Brad Kady (BK), Michael Chen (MC), Clayton Peister (CP), Steve Nagle (SN)*