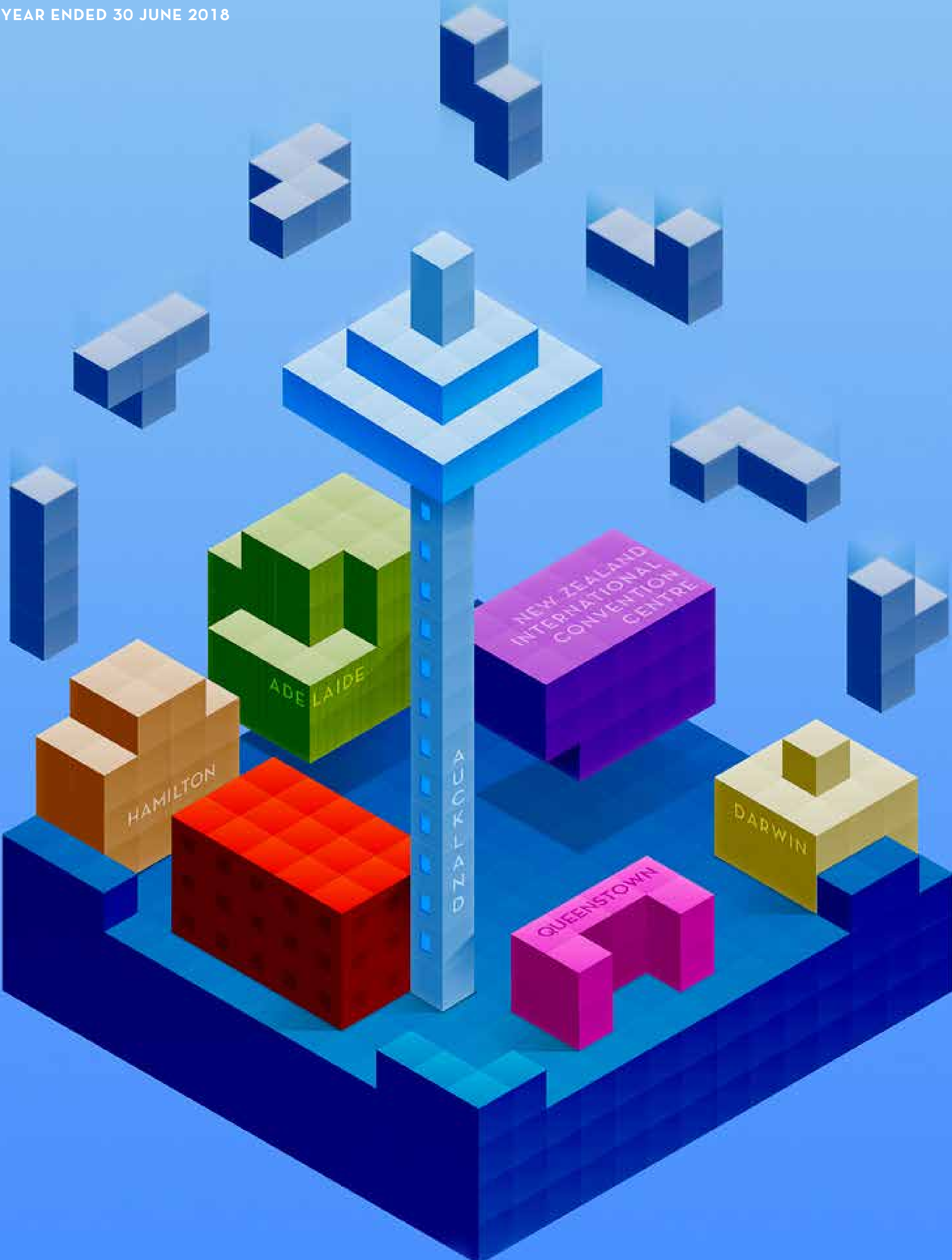
ANNUAL REPORT

YEAR ENDED 30 JUNE 2018

SKYCITY ENTERTAINMENT GROUP



OUR FY18 HIGHLIGHTS

RECORD FINANCIAL PERFORMANCE

POSITIVE MOMENTUM ON THE NEW ZEALAND INTERNATIONAL CONVENTION CENTRE AND HORIZON HOTEL PROJECT

NORMALISED NET PROFIT AFTER TAX (NPAT) UP 10.4%

NORMALISED EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA) UP 5.5% TO $338.2 MILLION

NEW CHAIRMAN AND SENIOR MANAGEMENT TEAM ONBOARD

BECAME A SIGNATORY TO THE CLIMATE LEADERS COALITION WITH A COMMITMENT TO BE CARBON NEUTRAL BY 2050

COMMENCED THE MAIN CONSTRUCTION WORKS FOR OUR ADELAIDE CASINO EXPANSION PROJECT

COMMITTED TO A MINIMUM WAGE IN NZ OF $20 BY 2020

$4 MILLION AWARDED TO NEW ZEALAND COMMUNITIES VIA OUR SKYCITY COMMUNITY TRUSTS

TOTAL FY18 DIVIDEND OF 20 CENTS PER SHARE

ANNOUNCED THE OPENING OF THE ALL BLACKS EXPERIENCE AT SKYCITY AUCKLAND FROM 2020

COMPLETED A REFRESH OF OUR GROUP STRATEGIC PLAN

LAUNCHED AUSTRALASIA'S FIRST DIRECT-TO-TELEVISION ESPORTS STUDIO IN THE SKY TOWER

IMPROVED OPERATIONAL PERFORMANCE ACROSS ALL OUR PROPERTIES

SUCCESSFULLY PROGRESSED KEY STRATEGIC INITIATIVES

INTERNATIONAL BUSINESS TURNOVER UP 39.2% TO $11.9 BILLION AND NORMALISED EBITDA UP 71.2% TO A RECORD $32.6 MILLION

SIGNIFICANT ONGOING INVESTMENT IN THE COMPANY'S ICT AND DIGITAL CAPABILITY

CONTENTS

Unless otherwise stated, all dollar amounts in this annual report are expressed in New Zealand dollars. An electronic copy of this annual report is available in the Investor Centre section of the company's website at www.skycityentertainmentgroup.com.

This annual report is dated 18 September 2018 and is signed on behalf of the Board of directors of SKYCITY Entertainment Group Limited by:

Rob Campbell
Chairman

Bruce Carter
Deputy Chairman

ANNUAL MEETING

The 2018 annual meeting of SKYCITY Entertainment Group Limited will be held on Friday 19 October 2018 in the SKYCITY Theatre, Level 3, SKYCITY Auckland, Corner of Wellesley and Hobson Streets, Auckland, commencing at 10.00am (New Zealand time).

ABOUT SKYCITY

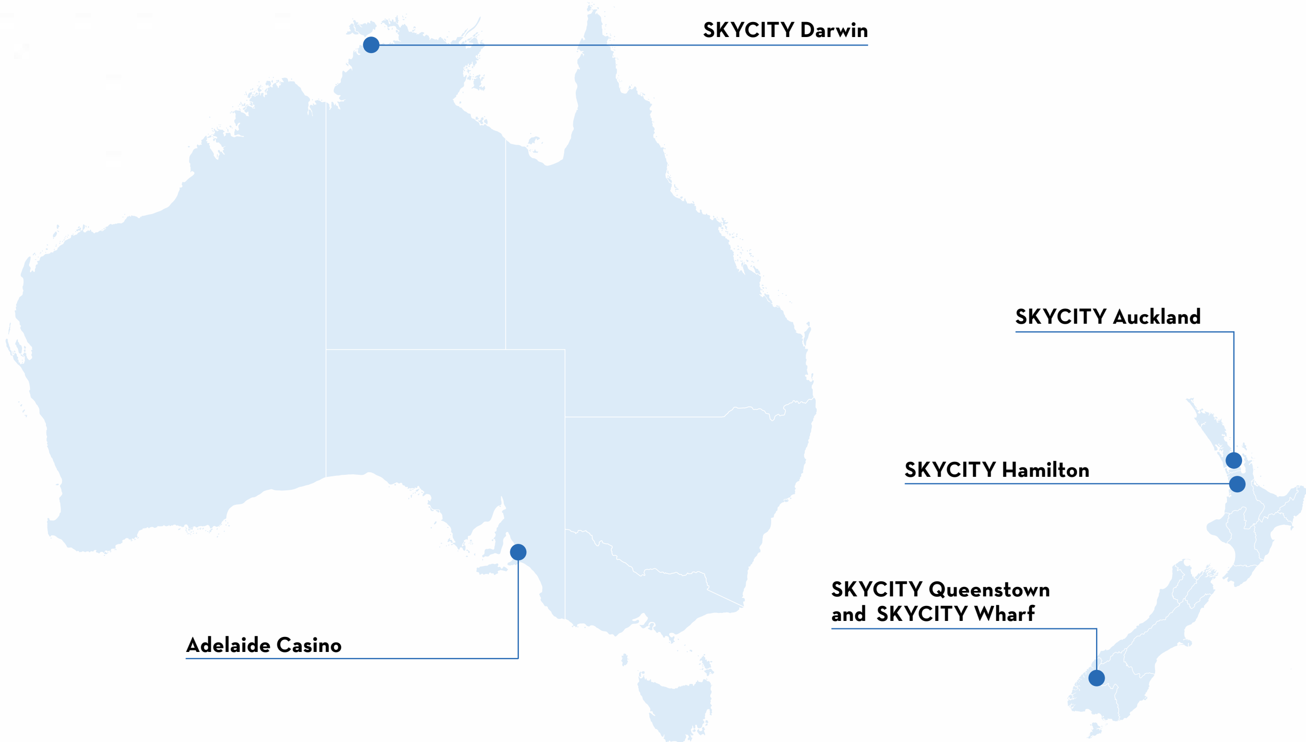
SKYCITY Entertainment Group Limited (SKYCITY or the company and, together with its subsidiaries, the Group) is committed to continually improving its statutory reporting documents to make them more accessible to a wider range of people and evolving its approach to increased environmental and social governance measures in its reporting. Therefore, in addition to containing a review of SKYCITY's financial performance for the financial year ended 30 June 2018, this annual report also contains, for the first time, a review of SKYCITY's economic, social and environmental performance for the financial year ended 30 June 2018. A separate corporate social responsibility report for 2018 will not be prepared by SKYCITY as it has done in previous years. Where appropriate, information is also provided in relation to activities that have occurred after 30 June 2018, but prior to publication of this annual report.

The non-financial information in this annual report has been informed by the principles and disclosures of the Global Reporting Initiative's (GRI) Sustainability Reporting Standards. Ernst & Young has undertaken limited assurance (in accordance with the International Standard on Assurance Engagements (New Zealand)) over disclosures associated with selected performance data included in the Corporate Social Responsibility section included in this annual report. A GRI reference index based on the GRI Sustainability Reporting Standards is included on pages 126 to 129 of this annual report.

SKYCITY Entertainment Group Limited is New Zealand's largest tourism, leisure and entertainment company and is listed in both New Zealand and Australia.

As one of three major publicly listed casino operators in Australasia, we operate integrated entertainment complexes in New Zealand (in Auckland, Hamilton and Queenstown) and Australia (in Adelaide and Darwin). In addition to our casino gaming facilities at each of our complexes, we also offer premium restaurants, bars and conference facilities which appeal to both domestic and international visitors alike. Additionally, we also offer award-winning hotel accommodation in Auckland and Darwin.

We employ nearly 6,000 employees across our operations in New Zealand and Australia, with around 3,500 of those employees based at our flagship property in Auckland across 200+ job types. Upon completion of the New Zealand International Convention Centre and Horizon Hotel projects in Auckland (due for completion late 2019) and our A$330 million expansion project in Adelaide (due for completion in 2020), our workforce will significantly increase in size.



PROPERTY	GENERAL MANAGER	OPENED/ACQUIRED	CASINO VENUE LICENCE/ LICENSING AGREEMENT RUNS UNTIL	ENTERTAINMENT ACTIVITIES	FY18 REVENUE (INCLUDING GAMING GST AND NORMALISED INTERNATIONAL BUSINESS)
SKYCITY AUCKLAND	**Michael Ahearne** Chief Operating Officer (with direct responsibility for SKYCITY Auckland)	Opened in 1996	2048*	• Gaming • Hotels • Food and beverage • Entertainment • Conventions • Out-catering • Car parking • Sky Tower • Theatre	$696 million
SKYCITY HAMILTON	**Michelle Baillie** General Manager SKYCITY Hamilton	Opened in 2002 Increased ownership from 70% to 100% in 2005	2027*	• Gaming • Food and beverage • Entertainment • Conventions • Car parking • Tenpin bowling	$61 million
SKYCITY QUEENSTOWN AND SKYCITY WHARF	**Jonathan Browne** General Manager SKYCITY Queenstown/ SKYCITY Wharf	Opened Queenstown in 2000 Increased ownership of Queenstown from 60% to 100% in 2012 Acquired Wharf in 2013	2025* (Queenstown) 2024* (Wharf)	• Gaming • Food and beverage • Entertainment • Conventions	$27 million
ADELAIDE CASINO	**Luke Walker** General Manager Adelaide Casino	Acquired in 2000	2085	• Gaming • Food and beverage • Entertainment	A$174 million
SKYCITY DARWIN	**David Christian** General Manager SKYCITY Darwin	Acquired in 2004	2036	• Gaming • Hotels • Food and beverage • Entertainment • Conventions • Car parking	A$118 million

**Each New Zealand casino venue licence can be renewed for a further period of 15 years pursuant to sections 134-138 of the New Zealand Gambling Act 2003.*

SKYCITY is committed to continually improving and evolving our approach to increased environmental and social governance measures in our reporting. We are therefore immensely proud to have been recognised for our environmental, social and governance practices and reporting.

In July 2018, following its June 2018 index review, FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirmed that SKYCITY had been independently assessed according to the FTSE4Good criteria, and had satisfied the requirements to become a constituent of the FTSE4Good Index Series.

FTSE4Good

Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

OUR BUSINESS

ANNUAL VISITATION AND NORMALISED REVENUE (INCLUDING GAMING GST) IN FY18

GAMING

$868 MILLION*

2.8 MILLION
VISITS FROM LOYALTY CARD MEMBERS**

4,095
ELECTRONIC GAMING MACHINES^

349
TABLES^

RESTAURANTS & BARS

$113 MILLION

6.2 MILLION
RESTAURANT AND BAR COVERS

13
SIGNATURE RESTAURANTS^

14
OTHER RESTAURANTS^

18 BARS^

HOTELS

$58 MILLION

240,000
HOTEL ROOMS OCCUPIED

787
HOTEL ROOMS^

CONFERENCES

$27 MILLION

170,000
CONFERENCE DELEGATES

7,500
SQUARE METRES OF CONFERENCE ROOMS^

SKY TOWER

$18 MILLION

560,000
SKY TOWER VISITS

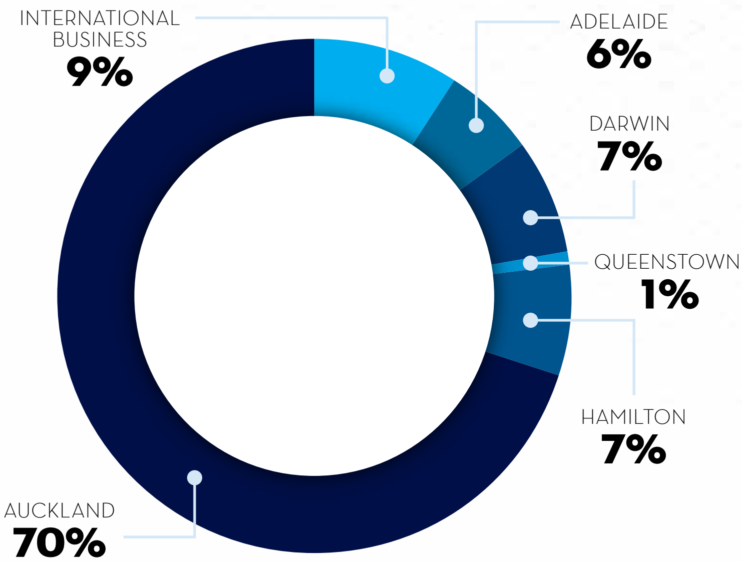
PARKING

$7 MILLION

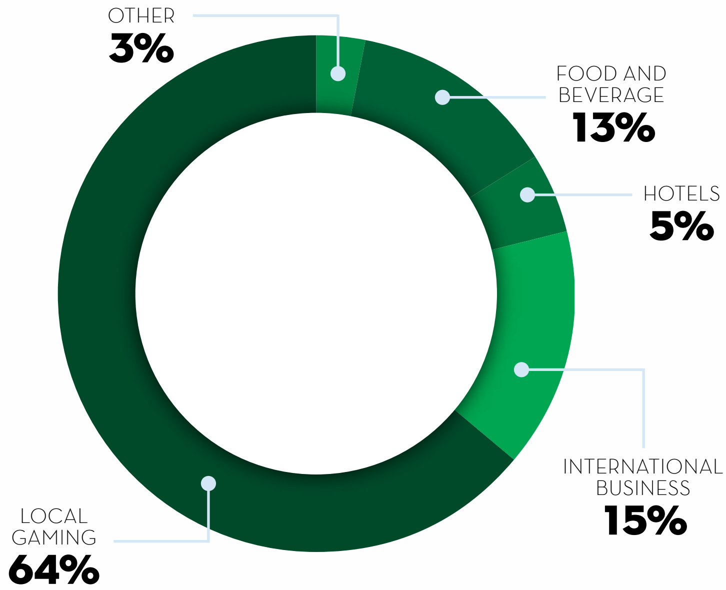
2.2 MILLION
CARS PARKED

3,600
PARKING BAYS^

OPERATING EARNINGS BY PROPERTY



REVENUE BY BUSINESS ACTIVITY



DISTRIBUTIONS TO OUR STAKEHOLDERS IN FY18

GOVERNMENTS
$170 MILLION
IN TAXES

EMPLOYEES
$323 MILLION
IN SALARIES AND WAGES

COMMUNITIES
$20 MILLION
IN COMMUNITY CONTRIBUTIONS, LEVIES AND SPONSORSHIPS

SUPPLIERS
$271 MILLION
IN PAYMENTS TO SUPPLIERS
$261 MILLION
OF CAPITAL INVESTED

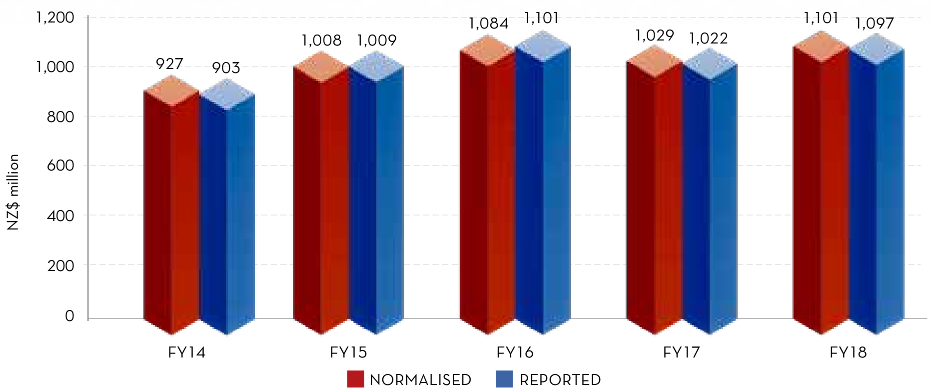
LENDERS
$35 MILLION
IN INTEREST PAID

SHAREHOLDERS
$135 MILLION
OF DIVIDENDS DECLARED IN RELATION TO THE FY18 PERIOD

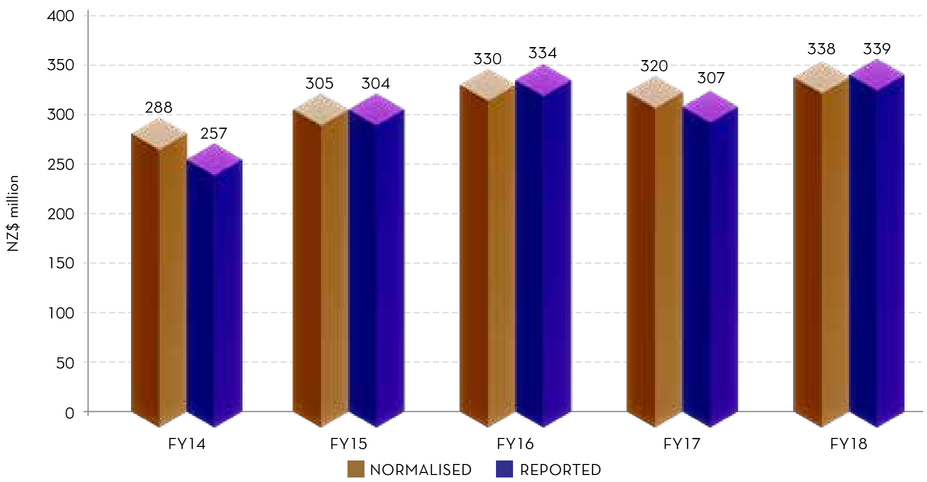
*Total gaming revenues, including carded and non-carded play.
**Calculated by reference to customers who used their SKYCITY Premier Rewards cards to game, where one visit records a customer's patronage on a day irrespective of how many times they used their card on that day.
^As at 1 September 2018.

OUR NUMBERS

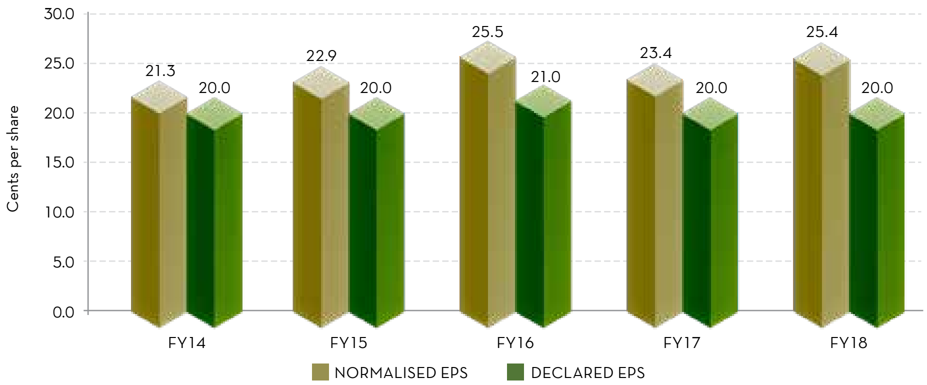
GROUP REVENUE (INCLUDING GAMING GST)



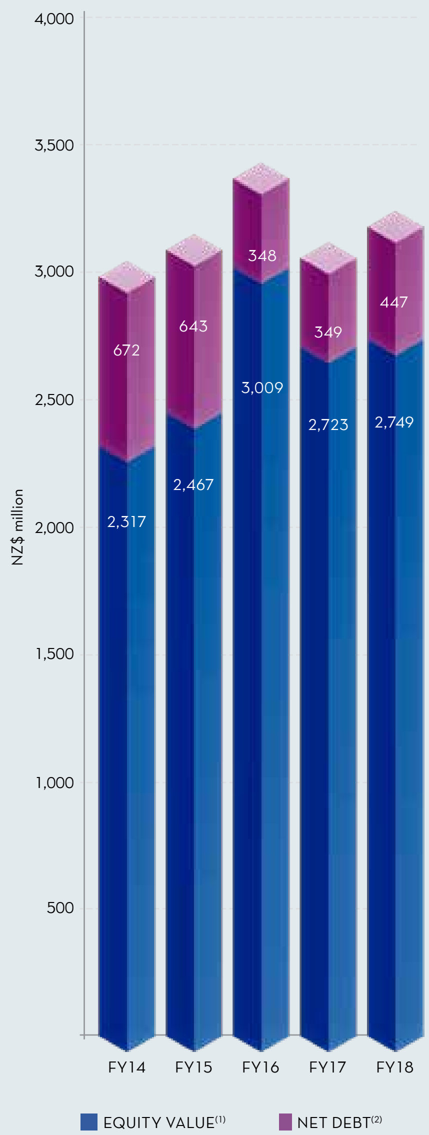
GROUP EBITDA



EARNINGS PER SHARE AND DIVIDEND PER SHARE



ENTERPRISE VALUE



(1) *Based on the share price and number of shares on issue as at 30 June in each financial year.*
(2) *Gross hedged debt less cash at bank as at 30 June in each financial year.*

OUR RISK PROFILE & MANAGEMENT

The SKYCITY Board is ultimately responsible for the governance of the Group's risk management, which includes formulating the Group's risk appetite and setting and monitoring risk tolerance.

The company maintains a risk management framework for the identification, assessment, monitoring and management of risk to the company's business. As part of this framework, SKYCITY maintains an independent, centrally-managed Group Risk function which evaluates and reports on risks and controls across the Group. The Group Risk team collates, assesses and monitors the risks the Group faces by way of a Top Risk Profile, which is updated regularly. The Top Risk Profile is a current view of the most significant emerging, or potential risks facing the Group, as well as a summary of how those risks are being mitigated or prepared for, and is a critical input to strategic planning, insurance renewal, investment and resource prioritisation, and assurance planning. Management reports to the Audit and Risk Committee and SKYCITY Board on the effectiveness of the company's management of its material business risks at least annually.

SKYCITY operates in a dynamic and challenging environment with risks and opportunities both locally and internationally. SKYCITY's ability to create and preserve value for its shareholders requires the successful execution of its business strategy. Risks influencing its ability to do this, including SKYCITY's material exposure to economic, environmental and social sustainability risks, if any, and how it manages or intends to manage those risks, are outlined below.

HIGHLY REGULATED INDUSTRY

SKYCITY operates in industries (in particular, the casino industry) which are highly regulated. The regulatory framework is subject to changes from time to time, which may impact the environment in which SKYCITY operates and the costs of operating its business. Potential examples of such changes include unfavourable changes to gaming and/or smoking legislation and regulations, licence conditions and gaming taxes and levies.

The risk of regulatory change is mitigated by maintaining frequent engagement with the governments and regulators in each jurisdiction in which SKYCITY operates and with industry stakeholders. Targeted initiatives are undertaken as and when required based on the likelihood of the risk occurring and the impact it would have on SKYCITY's business.

SUSPENSION, CANCELLATION OR EXPIRY OF AUCKLAND CASINO LICENCE

SKYCITY's Auckland property contributes a significant portion of SKYCITY's EBITDA. This concentration of earnings means that the performance of SKYCITY is heavily dependent upon the Auckland property. A significant disruption to SKYCITY's Auckland operations, which may arise through the suspension, cancellation or expiry of the Auckland casino licence, would have a significant negative impact on SKYCITY. The suspension, cancellation or expiry of any of SKYCITY's other casino licences would also have a negative impact on SKYCITY.

SKYCITY has mitigated this risk by securing an extension of the Auckland casino licence to 30 June 2048 and an extension of the Darwin casino licence to 30 June 2036. The Adelaide casino licence currently runs until 30 June 2085. Extensions to the Hamilton and Queenstown casino licences are intended to be sought in accordance with the renewal provisions of the Gambling Act 2003 (New Zealand) in due course. In addition, SKYCITY mitigates the risk by maintaining a robust compliance culture and framework to ensure compliance with licence conditions and gaming legislation and regulations, and maintaining engagement with the governments and regulators, in each jurisdiction in which SKYCITY operates.

ECONOMIC AND BUSINESS VOLATILITY

The general economic conditions in the markets that SKYCITY operates in, in addition to volatility in certain parts of the business, can significantly influence the financial performance of the company.

To mitigate these risks, SKYCITY continually monitors its external environment, including the geo-political and global economic landscape, and has a robust liquidity management framework. SKYCITY also continually reviews the optimal mix for its business activities to ensure it has a balanced portfolio reflecting its risk appetite.

CUSTOMER AND INNOVATION RISK

SKYCITY recognises that it is important to consider evolving customer demographics and preferences in both our gaming and non-gaming operations, including new offerings, technologies and innovation.

To ensure SKYCITY remains relevant to our customers, key strategic projects are currently being progressed, with a focus on emerging industry trends and opportunities for leveraging new technology and demographic changes, as more fully outlined in Management's Review on pages 24 to 29 of this annual report.

TECHNOLOGY RISK

Technology represents a critical platform to SKYCITY's business - not only for facilitating/enabling our operations, but also mitigating cyber-threats and ensuring compliance with regulatory and licence requirements.

To mitigate technology risk, SKYCITY is investing in a significant programme over the medium-term to improve technology systems, infrastructure, capability and data management, and to improve cyber-resilience. In addition, there is also significant focus on technology project governance, risk management and assurance.

DEVELOPMENT AND PROJECT RISK

With two significant growth projects underway, the New Zealand International Convention Centre and Horizon Hotel development in Auckland and the Adelaide Casino expansion, as well as master planning across the Group, SKYCITY recognises that robust project management is critical to successful delivery of these projects. Accordingly, SKYCITY has established strong governance and oversight frameworks for both current and future major growth projects.

HEALTH AND SAFETY RISK

SKYCITY has Health and Safety Risk Registers in place that identify risks into two key categories - high consequence/low frequency (being critical risks) and low consequence/high frequency risks.

To mitigate our critical risks (which include working at heights, confined spaces, electrical, moving plant, fire and explosion), we have in place extensive safe systems of work to effectively control the potential for an incident. Our ongoing safety assurance activities seek to test these controls and, where appropriate, strengthen our critical risk controls ensuring we keep our people and visitors safe.

Due to the hospitality and retail focus of our business, a high percentage of our health and safety risk falls into the low consequence/high frequency category, which includes risks such as slips/trips and cuts from manual tasks. We have in place harm prevention programmes aimed at reducing minor injuries and promoting wellness amongst our employees and contractors.

Our New Zealand properties are tertiary accredited under the Accident Compensation Corporation (ACC) Accredited Employers Programme and our Adelaide site is a registered self-insured employer. We undertake assurance activities to maintain certifications and continually improve our health and safety performance.

A staff member working at height in Auckland

Artist's impressions of the Adelaide Casino expansion

CHAIRMAN'S REVIEW


Rob Campbell

The SKYCITY Board and management team work effectively together and will continue to improve the size, scope and quality of the business.

So far as the Board is concerned, the directors' focus is on ensuring that:

- the full range of positive and negative risks is considered properly in major decisions;
- the capital of the business is invested efficiently and effectively;
- all compliance requirements are consistently met;
- social expectations of our business are embraced and achieved; and
- management, staff and the Board are aligned around the business objectives.

These are all matters for ongoing review and improvement. Currently, we are making good progress.

In our core gaming business, there is intense competition for the engagement of customers with many options available to them. We aim to offer the unique experience of casino gaming in each of our venues with responsible hosting integral to the experience. This experience requires ongoing renewal and refreshment of the gaming facilities and ancillary services suited to each venue. As an entertainment business we must provide high quality and engaging experiences to a wide range of people.

In each of the locations we operate, we are significant employers. It is central to our performance that we have engaged, skilled and rewarded staff. Our people come from many different cultures and it is a consistent aim of the Board and management that we recognise and value the contributions from all. There is a range of activities to deliver on this aim, such as the SKYCITY Quest for the Best awards, an employee recognition programme which recognises employees who live SKYCITY's values and consistently achieve outstanding customer service levels, and the various employee leadership development programmes, including 'Tahuna te Ahi' – a new tailored programme providing accelerated leadership development specifically for our Māori employees. The Board takes an active interest in these activities.

The economic and social context in which we operate demands a high level of corporate responsibility. Through the work of the various SKYCITY Board committees and at full Board meetings, we examine the trends and challenges, establish new pathways and practices, and monitor performance. We are rigorous in our self-examination, open to improvement and welcome constructive external proposals.

We have major development activity underway in Auckland and Adelaide. Governance of these projects (again through both specialist Board committee and full Board meetings) is rigorous in terms of planning, contracting and monitoring. We anticipate that substantive scale development activity on current and future projects will be an ongoing feature of the business and are structuring Board and management accordingly.

The New Zealand International Convention Centre is a project of national significance, as reflected in the partnership with the New Zealand Government. The completion of the project and effective management of the centre will be an important presentation of New Zealand to the world. We are intent on this being a facility of which the country can be proud. While there have been delays in the construction phase, the full attention of the business and our contracting partners is devoted to that end, while planning, booking and preparation for the first events are well advanced.

As advised to the market previously, we plan to increase our hotel business both in existing and new locations. This is a core part of the entertainment, gaming and conference business. The SKYCITY Board and management are directing attention to the best capital structure for this part of the business and we are identifying appropriate partners in terms of capital, branding and operation. Looking forward, we anticipate an increased level of activity in this area.

At our flagship Auckland property, there is great potential to add value through development of the precinct and the addition of a wider range of entertainment options complementing the existing offers. Our approach to this is to work with quality partners, sharing expertise and capital to best effect.

The most important role of the Board is the allocation of capital. We are placing emphasis on ensuring that capital is not locked into or stranded within low value enhancing assets or activities. There are attractive options around our core business and our consistent aim is to deliver better allocation to grow the value of our business. There will be ongoing activity reflecting this view with care but pace.

ROB CAMPBELL
Chairman

OUR BOARD

From left to right:

MURRAY JORDAN
Director

SUE SUCKLING
Director

BRENT HARMAN
Director

RICHARD DIDSBURY
Director

ROB CAMPBELL
Chairman

JENNIFER OWEN
Director

BRUCE CARTER
Deputy Chairman

OUR BOARD

ROB CAMPBELL – Chairman

Member of the Audit and Risk Committee
Member of the Remuneration and Human Resources Committee
Member of the Corporate Social Responsibility Committee
Chair of the Governance and Nominations Committee
Appointed a director of SKYCITY in June 2017

Rob Campbell was appointed Chairman of the SKYCITY Board effective from 1 January 2018 following Chris Moller's retirement from the Board.

Rob is currently the Chair of Summerset Group Holdings Limited, Tourism Holdings Limited and WEL Networks Limited and a director of Precinct Properties New Zealand Limited. Rob has over 30 years' experience in capital markets and is a director of or advisor to a range of investment fund and private equity groups in New Zealand, Australia, Hong Kong and the United States of America.

Rob holds a Bachelor of Arts with First Class Honours in Economic History and Political Science and a Masters of Philosophy in Economics.

BRUCE CARTER – Deputy Chairman

Chair of the Audit and Risk Committee
Member of the Governance and Nominations Committee
Appointed a director of SKYCITY in October 2010

Based in Adelaide, Australia, Bruce Carter is a Consultant to Ferrier Hodgson in Adelaide and was one of the founding partners of the Adelaide practice in 1992. He was formerly a partner at Ernst & Young and has more than 30 years' experience in corporate restructuring and insolvency.

Bruce is currently Chairman of ASC Pty Limited (Australian Submarine Corporation) and Aventus Capital Limited and a director of Bank of Queensland Limited and Genesee and Wyoming Inc (US) as well as a number of private companies and government bodies. He is a Fellow of Chartered Accountants Australia and New Zealand.

BRENT HARMAN – Director

Member of the Remuneration and Human Resources Committee
Member of the Governance and Nominations Committee
Appointed a director of SKYCITY in December 2008

Brent Harman's governance experience of more than 25 years includes executive directorships of two London-based FTSE-listed companies, executive and non-executive directorships of two ASX-listed companies and directorships of a number of listed and unlisted New Zealand companies. His previous governance roles include being Chair of Mediaworks NZ Limited and a director of Metlifecare Limited.

Brent's previous career in management in New Zealand included developing and launching the Newstalk radio format as General Manager of Newstalk ZB and after that as Chief Executive Officer of TVNZ. He is a Chartered Member of the New Zealand Institute of Directors.

As previously announced to the market in September 2018, Brent will retire from the Board at SKYCITY's upcoming annual meeting of shareholders on 19 October 2018.

SUE SUCKLING – Director

Chair of the Corporate Social Responsibility Committee
Member of the Governance and Nominations Committee
Appointed a director of SKYCITY in May 2011

Sue Suckling is an independent director and consultant with over 25 years in commercial corporate governance. She is recognised for her leadership in the technology innovation space and her deep governance experience.

Sue is currently the Chair of the New Zealand Qualifications Authority, Insurance & Financial Services Ombudsman Scheme Commission, Jacobsen Holdings Limited, Blinc Innovation Limited, ECL Group Limited and Jade Software Corporation Limited. Previous governance roles include chairing NIWA, AgriQuality Limited, and as a director of Restaurant Brands Limited, Westpac Investments Limited and the New Zealand Dairy Board. She holds an OBE for her contribution to New Zealand business. Sue is a Chartered Fellow of the New Zealand Institute of Directors and a Companion of the Royal Society of New Zealand.

RICHARD DIDSBURY – Director

Member of the Corporate Social Responsibility Committee
Member of the Governance and Nominations Committee
Appointed a director of SKYCITY in July 2012

Richard Didsbury graduated as an Engineer from Auckland University and has enjoyed a distinguished career in property investment and development.

Richard founded, and is currently a director of, Kiwi Property Group Limited, which is now the largest property vehicle listed on the NZX. He is Chairman of NX2 (the private sector consortium involved in the Puhoi to Warkworth motorway project, a Private Public Partnership). He is well known for his work as a past president of the Property Council of New Zealand and was previously Chairman of Committee for Auckland Limited. His previous governance roles include being a director of Infrastructure Auckland and Tourism Auckland.

JENNIFER OWEN – Director

Member of the Audit and Risk Committee
Member of the Governance and Nominations Committee
Appointed a director of SKYCITY in December 2016

Jennifer Owen is a Principal of Owen Gaming Research, an independent research firm specialising in the gaming and wagering markets. She has more than 30 years' experience in the areas of accountancy, audit, finance, treasury and equities research.

Jennifer has specific specialist knowledge of the New Zealand and Australian gaming and entertainment sectors through her roles as Director of Equities Research at Citigroup Global Markets, with a specialist focus on the Australasian gaming sector, and as Equities Research Analyst at Macquarie Group focussing on the tourism/leisure sector. She has been engaged in research, analysis, and more recently, consulting in the sector since 1996, and has a wide network within the gaming industry and a strong understanding of industry and investor issues. Her previous governance roles include serving on the Board of Racing NSW and the Investment Committee of the Salvation Army.

Jennifer holds a Bachelor of Business from the Queensland Institute of Technology and a Masters in Business Administration from the University of Queensland, is a graduate of the Australian Institute of Company Directors' Diploma course and is a member of Chartered Accountants Australia and New Zealand.

MURRAY JORDAN – Director

Chair of the Remuneration and Human Resources Committee
Member of the Governance and Nominations Committee
Appointed a director of SKYCITY in December 2016

Murray Jordan is currently a director of Chorus Limited and Metcash Limited, an ASX listed wholesale distributor specialising in food, grocery and hardware based in Australia, a director of Stevenson Group Limited, a family owned New Zealand business specialising in building products and quarrying, and a trustee of the Starship Foundation. Prior to embarking on a governance career in 2015, he held various senior management roles at Foodstuffs Limited from 2004 to 2015, including Managing Director of Foodstuffs North Island and Managing Director and General Manager Retail, Sales and Performance of Foodstuffs Auckland Limited. In 2013, he led the merger of the Auckland and Wellington businesses of Foodstuffs to create what is now known as Foodstuffs North Island and established and oversaw the integration programme.

His early career was in the property sector, including as General Manager of Telecom NZ's property business and General Manager of AMP Capital Investors NZ Limited's property portfolio. Murray has a Masters degree in Property Administration from the University of Auckland.

OUR SENIOR LEADERSHIP TEAM

From left to right:

SIMON JAMIESON
General Manager NZICC

GRAEME STEPHENS
Chief Executive Officer

LIZA MCNALLY
Chief Marketing Officer

JO WONG (seated)
General Counsel
and Company Secretary

ROB HAMILTON
Chief Financial Officer

MICHAEL AHEARNE (seated)
Chief Operating Officer

GLEN MCLATCHIE
Chief Information Officer

CLAIRE WALKER
General Manager
Human Resources

OUR SENIOR LEADERSHIP TEAM

GRAEME STEPHENS
Chief Executive Officer

Graeme joined SKYCITY as Chief Executive Officer in May 2017, bringing with him significant expertise in the gaming, hospitality, and leisure industries.

Prior to joining SKYCITY, Graeme was Chief Executive Officer of Sun International, a casino, resorts and entertainment company listed on the Johannesburg Stock Exchange. Under his leadership, the company rebalanced its portfolio, diversified into growth areas in both South Africa and Latin America, redeveloped its flagship resort in Sun City and built a new casino resort near Pretoria.

An accountant by profession and with more than 10 years' experience in banking and corporate finance, Graeme was appointed Senior Vice President of New Business Development at Kerzner International in 2003 and was responsible for a number of global hospitality projects before joining Sun International in 2011.

ROB HAMILTON
Chief Financial Officer

Rob joined SKYCITY as Chief Financial Officer in October 2014 and is responsible for the financial management of SKYCITY, including reporting, treasury, risk management and corporate development. He also oversees SKYCITY's International Business and ICT function and helps to drive the strategic direction of the SKYCITY Group.

Rob is a respected member of the finance community with more than 20 years' experience at First NZ Capital, where he led the investment banking team.

Rob holds Bachelor degrees in Commerce and Science and is on the Board of Trustees for Auckland Grammar School.

MICHAEL AHEARNE
Chief Operating Officer

Michael joined SKYCITY in December 2017 as Chief Operating Officer and is responsible for overseeing the operations and driving value across SKYCITY's six properties in New Zealand and Australia.

Prior to joining SKYCITY, Michael held a number of senior operational and product leadership roles at Paddy Power Betfair, one of the world's leaders in sports betting and gaming. Prior to this, Michael enjoyed a 13-year career in the Australasian gaming and entertainment sector – ten years of which were spent at The Star Casino, Sydney, where he held a variety of senior management positions and, following that, three years as Chief Operating Officer for Aristocrat in the Australia and New Zealand regions.

Michael is a qualified accountant and holds a Master of Business Administration from the University of Technology, Sydney.

CLAIRE WALKER
General Manager Human Resources

Claire was appointed General Manager Human Resources in August 2016 and is responsible for leading the development and implementation of best practice human resource strategy across SKYCITY. She also has executive responsibility for corporate social responsibility at SKYCITY.

Prior to her appointment as General Manager Human Resources, Claire was Chief People Officer at Sanford Limited where she established the human resources function and led the sustainability and integrated reporting activities for the organisation. Prior to this, Claire led the human resources and employee relations function for the SKYCITY Auckland business. Claire has also held senior human resource roles with Carter Holt Harvey and Downer after several years working in the education sector.

JO WONG
General Counsel and Company Secretary

Jo joined SKYCITY as Senior Legal Counsel in January 2009 and was subsequently appointed as Deputy General Counsel before being appointed as General Counsel and Company Secretary in September 2016. As General Counsel and Company Secretary, Jo is responsible for SKYCITY's legal, company secretarial, regulatory affairs and anti-money laundering functions.

Jo has nearly 20 years' experience in both private practice and in-house legal roles. Before joining SKYCITY in 2009, she held General Counsel and Group Corporate Counsel roles in the New Zealand financial services industry and was a Senior Solicitor at Russell McVeagh, one of the leading law firms in New Zealand.

Jo was a participant in the 2017 Global Women Breakthrough Leaders Programme, is a member of New Zealand Asian Leaders and holds a Bachelor of Laws and a Bachelor of Arts (Criminology and Japanese) from Victoria University of Wellington.

SIMON JAMIESON
General Manager NZICC

Since joining SKYCITY in September 2007, Simon has held a number of roles, including General Manager SKYCITY Adelaide, General Manager Hotels SKYCITY Auckland and Acting General Manager SKYCITY Auckland. As General Manager NZICC, Simon oversees the development of SKYCITY's New Zealand International Convention Centre and Horizon Hotel project in Auckland. He is also responsible for health and safety at SKYCITY.

With more than 30 years' experience in large-scale hospitality businesses, Simon brings a wealth of commercial experience and tourism know-how to the SKYCITY business.

LIZA MCNALLY
Chief Marketing Officer

Liza joined SKYCITY in January 2018 as Chief Marketing Officer, bringing with her over 20 years of marketing expertise.

Hailing from Australia, Liza's experience includes senior positions in both Sydney and Auckland with a number of senior marketing and sales positions within media, entertainment and telecommunications organisations. These include News Corp Australia, Telecom/Spark New Zealand and New Zealand Media & Entertainment (NZME) as well as a period of time running her own consulting firm.

With her broad marketing background, Liza brings holistic thinking to our marketing efforts with particular focus on our brand, digital, customer and loyalty.

GLEN MCLATCHIE
Chief Information Officer

Glen joined SKYCITY in 2016 as Chief Information Officer and is responsible for lifting the digital capability of the organisation to be able to respond to future innovation initiatives and growth strategies.

Prior to joining SKYCITY, Glen was General Manager ICT with Meridian Energy where he transformed and modernised their aging technology footprint and digital capability. He has 25 years of technology experience from across several industries globally, having worked in and out of the UK, France, USA, Australia, Malaysia, India, China and the Middle East.

Glen holds a Master of Information Systems from Swinburne University of Technology, Australia, and a Bachelor of Business Studies from Massey University, New Zealand.

MANAGEMENT'S REVIEW


Graeme Stephens

The year under review is my first full year as Chief Executive and it has therefore been a period where, in addition to the "normal" focus on operating results, my focus has been on a few areas that needed to be addressed early on in my tenure. These included:

- completing my learning curve on the underlying business and portfolio;
- meeting with the majority of our shareholders and understanding their rationale for investment into SKYCITY and expectations of the medium-term strategy for the company;
- identifying, promoting and employing the members of my Senior Leadership Team;
- formulating the strategic parameters, framework and objectives for the next 3-5 years;
- working with the SKYCITY Board to prioritise strategic objectives and commencing with implementation; and
- commencement of a process to align senior management and the wider employee base with the strategic direction of the company.

I am pleased with where we have finished the year in relation to the above objectives and, as regards the operating results, these were slightly ahead of expectation with full credit going to Michael Ahearne and his team.

I am confident that with our new Chairman, Rob Campbell, and the new SKYCITY Senior Leadership Team now onboard and settled in, we can continue to deliver on our key strategic initiatives and major projects over the coming year.

Our refreshed Group strategy has a clear focus on the creation of both sustainable shareholder returns and enhanced social and sustainability initiatives critical to the long term viability and success of the company.

Thank you to the SKYCITY Board for their ongoing support of the Senior Leadership Team and thank you to my executive and all our SKYCITY staff members who work so tirelessly to deliver a safe, but fun, entertainment and hospitality experience for our customers. All of us at SKYCITY have chosen a career in the hospitality industry because we are passionate about the business. It's an industry that demands long hours and we are busiest at times of the day, week or year when others are relaxing. But we love it because it's a fun place to be. Our customers give us the thing that is most precious to all of us, their leisure time. They trust us with that precious time and we understand that our current performance and future relevance depends on us consistently creating exceptional experiences for them.

GRAEME STEPHENS
Chief Executive Officer

This review provides a summary of SKYCITY's strategic positioning and performance for the 2018 financial year and our priorities for the year ahead.

RESULTS

SKYCITY's FY18 full-year result delivered a record year for the company both in terms of earnings and net profit, with a strong rebound in International Business, solid performance in New Zealand and a return to earnings growth in Adelaide and Darwin on a like-for-like basis.

The key features of the result were:

- normalised net profit after tax (NPAT) up 10.4% to $169.9 million and normalised earnings before interest, tax, depreciation and amortisation (EBITDA) up 5.5% to $338.2 million;
- reported NPAT up 277.9% due to A$95 million impairment of SKYCITY Darwin's goodwill the previous year;
- improved operational performance across all properties, led by International Business with turnover up 39.2% to $11.9 billion and normalised EBITDA up 71.2% to a record $32.6 million; and
- fully-imputed final dividend of 10 cents per share bringing total FY18 dividends to 20 cents per share in line with existing dividend policy.

Despite the disruption in the CBD from the City Rail Link development and the New Zealand International Convention Centre/Horizon Hotel project, SKYCITY Auckland achieved record EBITDA of $260.7 million, up 3.7%. Gaming revenue was up 2.6%, while non-gaming revenue rose 4.6% on the back of another strong performance from the SKYCITY Hotel and SKYCITY Grand Hotel, with occupancy rates of approximately 90%. A good performance across food and beverage was bolstered by the opening of our premium Chinese restaurant, Huami, in July 2017 and our South-East Asian outlet, Spice Alley, in January 2018.

SKYCITY Hamilton achieved record earnings in FY18, up 4.3% to $26.9 million, including good growth in non-gaming revenue from our bowling facility, Bowl & Social, and effective cost management.

Our combined Queenstown properties grew earnings by 56.5% to $2.1 million, driven by higher visitation and efficiencies from reduced operating hours at Wharf Casino.

Adelaide Casino achieved EBITDA growth of 12.5% to $A22.5 million, assisted by improved gaming machine market share in the latter part of the year, an increase in premium gaming activity, and effective cost management. This was despite considerable disruption caused by building works around the property, including SKYCITY's $A330 million expansion project which commenced in June this year.

SKYCITY Darwin's performance stabilised over the year, with visitation up in response to broadening on-site entertainment. EBITDA fell 5.3% to A$25.1 million as a consequence of our Keno customers being exceptionally lucky. Adjusting for the higher-than-average number of Keno 10-spot jackpot wins at the property (three in FY18 compared to none in the prior year) would see Darwin earnings up 6.7% on the previous year.

SKYCITY's international VIP business has recovered strongly from a challenging FY17, achieving turnover of $11.9 billion, up 39.2%, and record normalised EBITDA of $32.6 million, up 71.2%, with a win rate very close to the long term theoretical. This result reflects both the recovery of the sector across Asia-Pacific and the performance of our restructured International Business team, led by our new President of International Business, Stewart Neish. This is the standout feature of our results and with this performance our International Business became our second largest contributor to earnings (after Auckland).

PROGRESS ON OUR KEY STRATEGIC INITIATIVES

This year, in conjunction with the SKYCITY Senior Leadership Team, the SKYCITY Board approved a refreshed Group strategy. Key considerations when setting the medium-term strategy were:

- the profitability of our business is roughly 80% from New Zealand and 20% from Australia. Shareholders are comfortable with the relatively low country risk and regulatory environments that these jurisdictions offer and we are likely to remain focussed on this region for the foreseeable future;
- our business is predominantly gaming-led, with roughly 80% currently coming from the casino component. The long term, exclusive nature of our casino licences provides a solid underpin to the risk profile of the business. We have strategically evaluated our existing casino licences to ensure we are maximising the potential within them and have identified further opportunity for growth in the premium market as well as our Queenstown licences;
- there are unlikely to be many (if any) new land-based casino licence opportunities in our jurisdictions of operation, so growth (other than organic growth) will have to come from other lines of business. The balance of our business essentially derives from hotels and restaurants. Our restaurants are relatively low margin and exist primarily to service our gaming, hotel and conventions customers and to ensure that our destinations remain relevant in their

OUR REFRESHED GROUP STRATEGY

VISION
To be the leader in gaming, entertainment and hospitality in our communities

BUSINESS GOALS
- Improve our operating performance
- Optimise our existing portfolio
- Grow and diversify our business

CHARACTER & CULTURE GOALS
- Offer a great and safe place to work
- Always put customers first
- Be responsible leaders in our communities

communities. Our hotels are higher margin businesses and there is an opportunity to scale up our portfolio and expertise – initially on our precincts, but also on a stand-alone basis;

- we are cognisant of a strategic need to remain abreast of developments in the online and digital space and, where appropriate, to ensure that we take up opportunities that will ensure we continue to offer a relevant form of entertainment;
- a review of our existing precincts to ensure that we are maximising opportunities has highlighted areas of potential investment into premium gaming spaces, hotels (as highlighted above) and entertainment to ensure our destinations remain relevant to customer demand. Where necessary, we are prepared to acquire property to ensure we are future proofed;
- we have two major projects currently underway that have committed us to circa $1 billion of debt over the next few years. While we are very comfortable with our ability to service and repay this level of gearing, it does not leave us with any significant debt capacity for other expansionary projects or initiatives in the short term. Any funding requirements for new initiatives will be raised through sale of non-core assets and/or partnering using a "capital lighter" approach; and
- the relatively high dividend yield that SKYCITY offers is valued by shareholders and should be preserved and recognised when looking at any future funding requirements.

Improve our Operating Performance

During the financial year, we successfully implemented a number of initiatives to improve our operating performance, including new events and more effective marketing driving visitation growth at all properties (with a greater focus on data analytics), investment in new gaming product across the Group, a focus on growing our International Business and premium gaming markets, significant ongoing investment in the company's ICT and digital capability and a strong operating cost focus driving margin growth at all properties.

In International Business, we have seen more visits from our major customers and an increased use of third party junket operators, which led to a record six-month turnover in the second half of the financial year. We also managed to increase our margins due to operating efficiencies and low bad debts.

We continue to make good progress on investment in ICT systems and platforms. Part of the investment to date has been replacing end-of-life systems, but we are getting to a point where we can start to focus on initiatives to improve customer experiences – such as loyalty/CRM systems. Our ICT costs were higher and contributed to higher corporate costs during FY18.

Optimise our Existing Portfolio

We have progressed a number of key initiatives to optimise our existing portfolio, including acquiring a number of properties around our Auckland precinct as part of a broader master planning programme, developing plans to enhance our International Business and premium gaming offerings in Auckland, continuing to evaluate master planning opportunities in Hamilton and exploring options to create an improved VIP/premium facility in Queenstown.

SKYCITY's master plan for the Federal Street precinct is starting to take shape, with most of the property acquisitions needed now completed, including a majority interest in the AA Centre on the corner of Victoria and Albert Streets, which is likely to become the Group's new headquarters. This will allow the existing head office site, Federal House, to become part of the broader precinct development.

With the consolidation of our ownership of the Federal Street precinct, we are looking to develop new, non-gaming, family-oriented entertainment offerings that will ensure we remain a relevant precinct in the context of all the other development in Auckland. Ultimately, we would like to see Federal Street closed to through traffic so that we can achieve our goal of a precinct for people, not vehicles.

Within SKYCITY's existing portfolio, the two key projects currently underway – the New Zealand International Convention Centre/Horizon Hotel project and the Adelaide Casino expansion project - are transformational in nature.

The New Zealand International Convention Centre (NZICC) and Horizon Hotel project is continuing to benefit from positive momentum over recent months and SKYCITY is actively working with Fletcher Construction to assist it to achieve its target completion date of December 2019. There continues to be good progress made on-site, with the roof of the NZICC currently being installed and the first of the glass panels, designed by Sara Hughes, due to be lifted into place in the coming month. Pleasingly, we have secured several major conventions for the NZICC for 2020 and we continue to pursue a strong pipeline of leads.

In Adelaide, we have appointed Hansen Yuncken as the main construction contractor for the expansion project. Work is well underway and the project is currently on-track for completion in the third quarter of calendar 2020. The expansion will deliver a new casino floor as well as a luxury hotel, wellness centre, signature bars and restaurants, and conference facilities. The project will help secure the future of our Adelaide business and deliver jobs and tourists into South Australia.

Our Hamilton casino continues to achieve growth and we are exploring further development opportunities to leverage the positive economic and tourism outlook in the Waikato region. We own undeveloped freehold land adjacent to our casino and would benefit from having a hotel on premise. Our decision to proceed with development plans is, to some extent, linked to our potential to raise capital from non-core assets and our potential hotel strategy.

The Queenstown Wharf Casino is not meeting the full potential of its licence and we are actively assessing options to provide an enhanced customer experience. We have a particular focus on the potential to increase our International Business, given the popularity of the Queenstown region and the general resurgence of International Business.

In our quest for a "capital-lighter" approach to enhance returns on our balance sheet, we have concluded the sale of our Federal Street car park in Auckland for $40 million and are commencing a marketing process for the potential monetisation of the main site car parks in Auckland. We have sought expressions of interest from potential buyers of our Darwin property and this process is nearing conclusion, with a final decision to be taken within the next few months.

Grow and Diversify our Business

Potential Hotel Strategy

In Auckland, we currently have two operational hotels and one near completion, with potential for a fourth as part of our master plan for the precinct. In Adelaide, we have one hotel under construction and see potential for a second hotel near our precinct. We also see potential to develop hotels in Hamilton and Queenstown.

We believe we can deliver an attractive portfolio to a passive investor looking for exposure to this asset class and we are actively engaging with potential partners who will provide funding to assist further growth in this sector, on a "capital-lighter" basis.

Online Gaming

SKYCITY is developing an online gaming strategy as a logical extension of our land-based casino operations. Online delivery of goods and services is increasingly the norm across many industries and ours is no exception.

It is currently permissible for offshore-based online casinos to offer gaming to New Zealand customers and we are currently losing business to these offshore-based operators. In response, we are advancing a partnership-based strategy that would enable us to start operating in this space from offshore.

It seems reasonable to anticipate that at some point in the future online gaming will be regulated within New Zealand and we also need to be ready to participate in that opportunity should it arise. We are extremely respectful of the good relationship that we have built with the New Zealand regulatory bodies and are mindful of that relationship in any initiative we might pursue in the online space.

Other Forms of Entertainment

As an entertainment and hospitality provider, we are challenged to ensure we continue to offer relevant forms of entertainment and hospitality to customers increasingly spoilt for choice and with increasingly divergent interests. We have therefore taken steps over the last financial year to broaden our entertainment offering beyond traditional gaming and entertainment to attract new customers and ensure long term relevance.

We acquired an interest in Let's Play Live Media (LPL), New Zealand's leading broadcaster and operator of esports, and in conjunction with them launched Australasia's first direct-to-television esports studio in the Sky Tower.

In addition, the All Blacks Experience - a joint venture between the New Zealand Rugby and Ngāi Tahu Tourism – will open in the existing

SKYCITY Auckland Convention Centre site from 2020 and provide visitors with a state-of-the-art, interactive experience that will showcase the All Blacks. Through the use of innovation and technology, it will provide a full sensory, interactive, and immersive experience for all New Zealanders and visitors to celebrate New Zealand's rugby heritage, achievements and culture - bringing together the stories of our rugby legends, the drama and excitement of Test match rugby, and the mastery and legacy of the All Blacks.

We are also discussing other interactive entertainment possibilities for the remaining areas of the existing SKYCITY Auckland Convention Centre site and hope to announce details of the new offerings in the near future.

Character and Culture Goals

Our vision sets out the "what" is SKYCITY aiming to be, and the business goals above detail some of the initiatives that will determine "how" we get there. We also put a lot of emphasis and focus on "who" is SKYCITY – our character and culture.

In particular, we need to continually focus on our social licence to operate – as in the casino industry we have to try harder than most to justify our place in society. Furthermore, because we have exclusive casino licences (ie. no other casino nearby), we automatically have a community that is ours to look after if we expect to be in business on a sustainable basis – our customers, employees and suppliers are "locals" often with long term relationships.

Our corporate social responsibility initiatives are also best focussed on doing good for our community and it is obviously critical to ensure that we don't create harm to our community. Our objective is to ensure that our strategic decisions strengthen the communities we operate in and provide environments and opportunities for our customers, suppliers and staff to enjoy, to be entertained and to be safe.

We are also committed to providing safe environments for our customers, suppliers and staff to enjoy and be entertained in. With a renewed focus, we have this year adopted a new Group Health and Safety Strategy for 2019-2021 which centres around the mission "Prevent Harm and Build Wellness" and four goals:

- **Industry leading safety culture** – we will create a positive safety culture for our workers and guests with a strong emphasis on genuine and visible leadership and active engagement of our workers;
- **Effective risk management** – we will focus on our critical risks ensuring we have sufficient risk mitigation strategies in place to prevent fatal or serious harm;
- **Sustainable systems and processes** – we will create a contemporary and resilient approach to the management and improvement of health and safety; and
- **Health and wellbeing** – we will adopt a risk-based approach to health and wellbeing including programmes to reduce physical and psychosocial risks to our workers.

The new strategy also addresses the New Zealand Government's key goals of its draft NZ Health and Safety at Work Strategy 2018-2028.

LPL esports studio in the Sky Tower

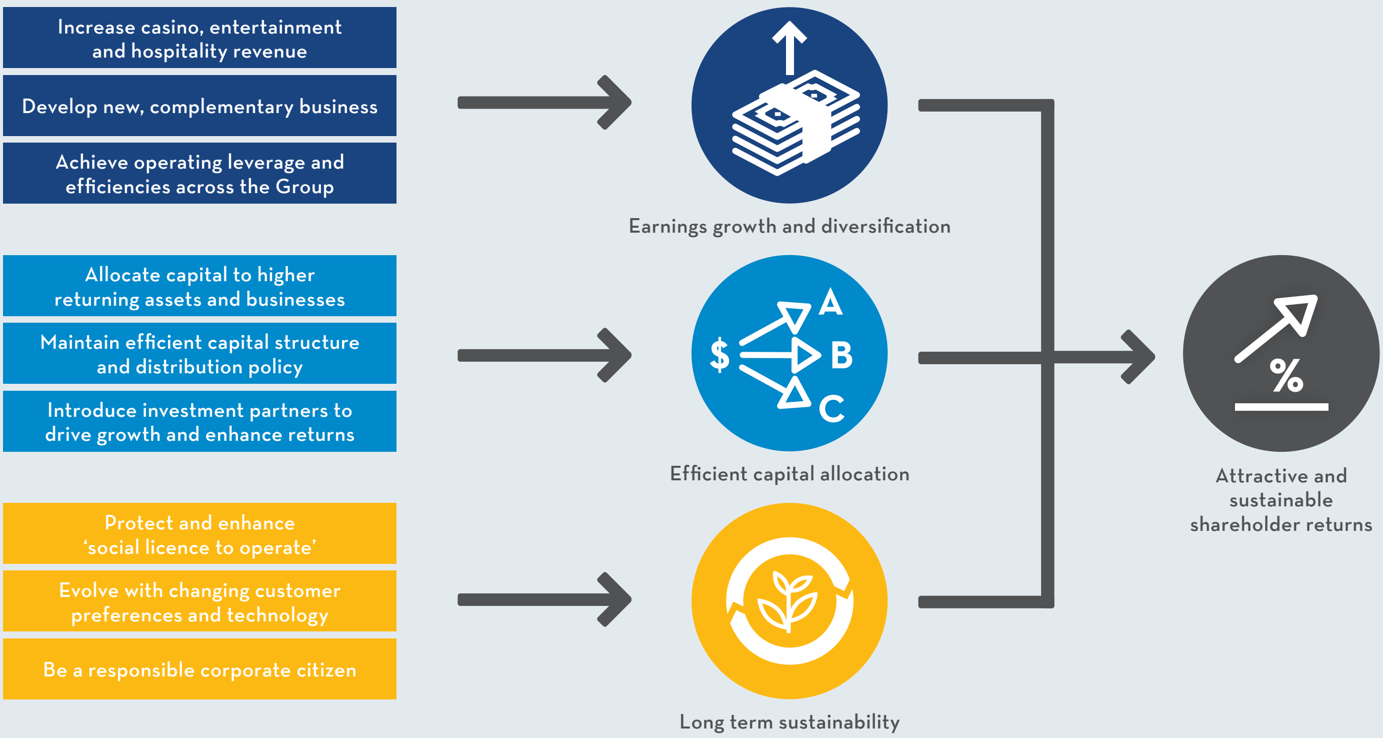
Artist's impression of the All Blacks Experience

At SKYCITY, we are proud of our culture of compliance – a fundamentally positive culture with people focussed on doing the right thing and with a genuine care for our customers. However, such a culture cannot be taken for granted, and requires ongoing conscious attention to be maintained and to keep complacency at bay. We are cognisant of the recent Australian Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, the Bazely Report in New Zealand and the Victorian Commission for Gambling and Liquor Regulation's review of Crown Melbourne and are committed to taking the lessons learned from those reviews to uplift the risk culture at SKYCITY.

In that context, this year we sought an external review of SKYCITY's corporate social responsibility framework to ascertain how we could further improve our corporate social responsibility activities. After a lengthy consultative process involving interviews with key internal and external stakeholders, we adopted an enhanced set of corporate social responsibility goals, priorities and targets in August 2018, which are directly aligned to our most material issues, what really matters, and will allow us to measure our progress in a transparent way going forward. An outline of SKYCITY's revised corporate social responsibility framework, the activities undertaken to support our corporate social responsibility strategy, and achievement against the goals, priorities and metrics for the financial year ended 30 June 2018 are set out on pages 31 to 55 of this annual report.

VALUE CREATION MATRIX

In summary, the table below depicts how we see ourselves creating shareholder value through the convergence of the various initiatives to increase and diversify earnings, in a capital efficient manner, and with a focus on long term sustainability:



OUTLOOK FOR FY19

Consistent with FY18, SKYCITY is expected to achieve modest growth in group normalised EBITDA in FY19, with key drivers expected to be further growth in International Business and Auckland, offset by higher corporate costs. There is much debate (nationally and internationally) around the macro-economic environments within which we operate and the prevailing mood seems to be that business confidence is falling and economic tailwinds are slowing. We believe that regardless of any potential economic slow-down, there is still enough that we can do to improve our own performance that we can reasonably anticipate growth in our business.

Trading in early FY19 is in-line with expectations following a positive finish to FY18 and we plan to continue our existing dividend policy with a minimum annual dividend of 20 cents per share.

With the Senior Leadership Team now settled in and our strategic focus approved by the Board, we see the phase ahead as one where we should make good progress in implementing our strategy. In addition to the key strategic initiatives identified above, there are a large number of other smaller initiatives that are clustered under the various business and character and culture goals.


CORPORATE
SOCIAL
RESPONSIBILITY

OUR SUSTAINABILITY

SKYCITY is committed to maintaining the highest levels of corporate social responsibility objectives and practices, with priority given to minimising the impacts associated with problem gambling as an area of primary focus.

The SKYCITY Board is supported by a dedicated Board committee on matters relating to corporate social responsibility. The role, responsibilities, composition, structure and membership of the Corporate Social Responsibility Committee are set out in the Corporate Social Responsibility Charter (available in the Governance section of the company's website at www.skycityentertainmentgroup.com), which is reviewed and approved by the Board on an annual basis. The guiding principles that underpin SKYCITY's corporate social responsibility activities are also set out in the Charter. Sue Suckling is the current Chair of the Corporate Social Responsibility Committee.

The objectives of the Corporate Social Responsibility Committee are to assist the Board to contribute to SKYCITY's vision and strategic plan by ensuring that the company's corporate social responsibility strategy is best practice and supports the highest level of corporate social responsibility objectives, with priority given to minimising the impacts associated with problem gambling as an area of primary focus. The responsibilities of the Committee include reviewing and recommending to the Board the corporate social responsibility strategy, principles, policies and practices of the company to ensure alignment with the company's strategic objectives and performance and reviewing and reporting to the Board on the company's impacts associated with SKYCITY's five corporate social responsibility pillars.

The Board and the Corporate Social Responsibility Committee maintain operational supervision of SKYCITY's corporate social responsibility activities through clearly defined policy and effective management. Claire Walker, SKYCITY's General Manager Human Resources, has executive responsibility for SKYCITY's corporate social responsibility activities with key operational personnel within the business having day-to-day responsibility for the activities.

WHAT MATTERS

At SKYCITY, we recognise that corporate social responsibility is critical to all levels of our business and operations. Part of being a responsible business is understanding the impacts arising from our operations. The aim of this understanding is to enable positive impacts to be fostered and negative impacts to be at the very least mitigated and ideally abated. This is particularly true when there is potential for harm to either people or the environment.

In December 2016, after undertaking research with both internal and external stakeholders on which sustainability issues were most relevant to our business, SKYCITY adopted its first set of corporate social responsibility goals, priority actions and targets, centred around five corporate social responsibility pillars – Responsible Gaming, The Environment, Community Development and Investment, Fair Operating Practices and Labour Practices and Human Rights - and developed its first materiality matrix, which highlighted a set of priority impact areas and issues for our business. Since adopting that framework, we have worked hard to embed those five corporate social responsibility pillars into all levels of our organisation and in the way we operate. The material issues have become the focus for managing our risks and have heavily influenced our corporate social responsibility strategy and priorities, which underpin our reporting on our non-financial performance.

However, the corporate social responsibility landscape has evolved quickly since that time and, in mid-2018, we engaged Ernst & Young to review SKYCITY's corporate social responsibility framework to help us identify how we could further improve our framework.

As part of this review, Ernst & Young conducted interviews with key internal and external stakeholders to canvas their views of SKYCITY's corporate social responsibility framework, including shareholders, trade unions, community partners and grant recipients, SKYCITY's Chief Executive Officer and Board members and staff within the Human Resources, Security, Host Responsibility and Procurement teams. The insights from those interviews enabled us to refine our materiality matrix and corporate social responsibility goals, priorities and targets in August 2018, which are directly aligned to our most material issues and what really matters, and will allow us to continue to measure our progress in a transparent way.

The process of refreshing our corporate social responsibility framework has helped to strengthen relationships with our stakeholders and prioritise and communicate our activities strategically. The review has also ensured that we incorporate global trends and local market conditions in our approach to, and assessment of, risks and opportunities.

In undertaking our analysis, we have plotted the issues identified as most material on a matrix and allocated those issues to the revised corporate social responsibility pillars as set out in the following diagram. Unsurprisingly, again, the most material issue to all stakeholders, internal and external, is responsible gaming. This is front and centre for the SKYCITY Board and management as well.

OUR CORPORATE SOCIAL RESPONSIBILITY MISSION

As a cornerstone enterprise in our communities, SKYCITY contributes positively to these communities and enables them to thrive.

OUR PEOPLE
Inspire our People - A great place to work where our people are empowered to grow and achieve

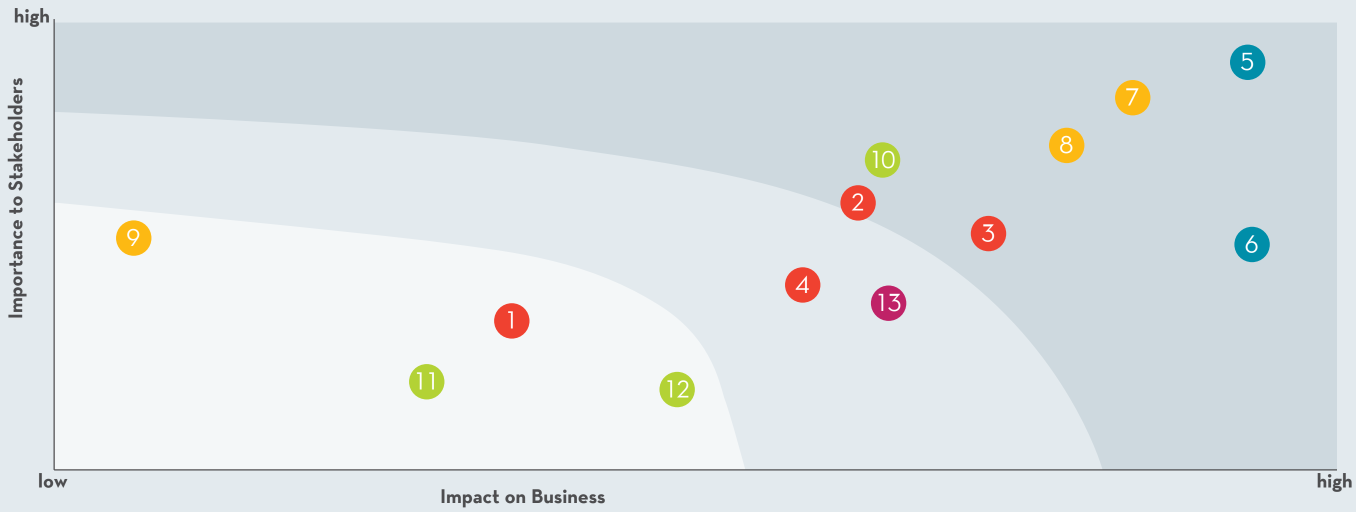
OUR CUSTOMERS
Host Responsibly - Ensuring safe and enjoyable experiences for our customers, staff and our communities

OUR COMMUNITIES
Develop and Contribute to our Communities - Serving a social purpose by investing in the local economies and communities in which we operate

OUR ENVIRONMENT
Conserve the Environment - Reducing our environmental footprint

OUR SUPPLIERS
Source Ethically and Responsibly - Sourcing responsibly and locally

MATERIALITY MATRIX



INSPIRE OUR PEOPLE

1. Career development and progression
2. Health, safety and wellbeing
3. Employee engagement
4. Diversity, inclusion and belonging

HOST RESPONSIBILITY

5. Host responsibility
6. Customer experience and engagement

DEVELOP AND CONTRIBUTE TO OUR COMMUNITIES

7. Community partnerships and outcomes
8. Economic contribution
9. Transport and housing

CONSERVE THE ENVIRONMENT

10. Climate change and emissions
11. Water usage
12. Waste

SOURCE ETHICALLY AND RESPONSIBLY

13. Ethical and sustainable procurement

In recent years, SKYCITY has participated in the Dow Jones Sustainability Index assessment to benchmark our position on economic, environmental and social factors relative to others from within our industry. The index is a globally recognised independent third party rating for corporate social responsibility, which is assessed by RobecoSam each year. Despite making progress in several areas within the index, we have decided not to participate in 2018. We believe it is more meaningful and useful to instead focus our resources and efforts on our internal corporate social responsibility priorities and reporting on our progress against these.

SUSTAINABLE DEVELOPMENT GOALS

In 2015, the countries of the United Nations adopted the 2030 Agenda for Sustainable Development and its seventeen Sustainable Development Goals - a set of goals to end poverty, protect the planet, and ensure prosperity for all as part of a new sustainable development agenda. Each goal has specific targets to be achieved. SKYCITY recognises that, for the goals to be achieved, everyone needs to do their part and business and industry play an important role. We are committed to playing our part in helping to achieve the goals.

OUR PILLARS

The following pages outline SKYCITY's goals, priorities and metrics for each of the five corporate social responsibility pillars, outline the activities undertaken to support our corporate social responsibility strategy, and provide a summary of our achievement against the goals, priorities and metrics for the financial year ended 30 June 2018 (as set out in SKYCITY's 2017 annual report).

The areas identified as priority issues are those considered highly material for SKYCITY's business and for our stakeholders. Our priorities and metrics set out what we intend to do both in our business and our communities. They are intended to challenge the business and staff and provide a dedicated framework for measuring progress over the coming years. We are committed to measuring performance on each goal, through specific key performance indicators, which will ensure the business strives to keep pace with internal and external expectations.

We look forward to reporting against the revised corporate social responsibility framework - identifying where we are as a business and how we can further improve strategically and practically. We are committed to continual refinement and improvement.

Whilst we are immensely proud of our progress to date, we recognise that some areas require more focus and attention to achieve our objectives.

We welcome all feedback and questions in relation to our corporate social responsibility framework - please contact SKYCITY at csr@skycity.co.nz in this regard.

"Our priorities and metrics set out what we intend to do both in our business and our communities"

OUR PEOPLE

Inspire our People - A great place to work where our people are empowered to grow and achieve

PRIORITY ISSUES

- Employee engagement, learning and development and careers
- Diversity, inclusion and belonging
- Health, safety and wellbeing

METRICS/DISCLOSURES

- Diversity and gender statistics including gender equality of pay, management and governance representation
- Internal promotions, career paths and employment opportunities for youth
- Total recordable incident frequency rate, hazard reporting and safety improvement plans
- Health and safety engagement activities such as leadership safety walks and Health and Safety Committee engagement

As a major employer with nearly 6,000 staff and growing, we know that taking care of our people is the key to creating a great place to work. We aim to create an environment where people are at the centre and ensure that our employees can work safely, are motivated to work hard, progress in their careers, and have the tools and knowledge they need to look after both themselves and our customers.

In March 2018, SKYCITY announced its intention to pay its New Zealand-based staff at least $20 an hour by 2020, an initiative that will significantly increase the take-home pay of around 1,750 people in Auckland, Hamilton and Queenstown - nearly half (46%) of all SKYCITY staff in New Zealand. This initiative will be phased in over the next three years and will see the hourly rate of SKYCITY's lowest-paid employees increase by 21% over the period - an average of 7% every year between now and 2020, compared to the statutory minimum wage of $16.50 as of 1 April 2018. SKYCITY is the first major listed New Zealand company to commit to a $20 an hour minimum wage, which the New Zealand Government has signalled it plans to adopt by 2021.

Prem Joseph, Driver Services Manager at SKYCITY Auckland

With a large and diverse workforce, SKYCITY is recognised for taking a lead in staff development and care. We have an advanced set of priorities and programmes in place across our sites to achieve our goal of being a great place to work where our people are empowered to grow and to achieve. We are committed to providing our employees with sustainable career paths at SKYCITY and we want our staff to grow their careers with us.

SNAPSHOT OF DIVERSITY AT SKYCITY

In April 2018, we asked our employees across the SKYCITY Group to participate in a survey to help us build a better workplace where we celebrate diversity and promote inclusion. Around 50% of our employees participated and the valuable information collated will help us to continue to build relevant programmes, tailored to the needs of all our employees. The following graphic illustrates the diverse make up of our workforce as at April 2018:

EMPLOYEES

WE HAVE **5,690** EMPLOYEES
(full-time, part-time and casual)

AGE

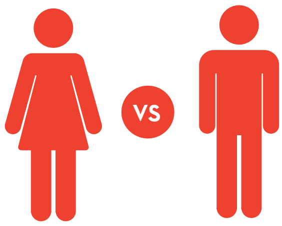
Generation Z	**18.2%**
Generation Y Millennials	**41.7%**
Generation X	**28.3%**
Baby Boomers	**11.7%**
Veterans	**0.1%**

36 YEARS AVERAGE AGE OF OUR WORKFORCE

82 YEARS AGE OF OUR OLDEST EMPLOYEE

60% OF OUR WORKFORCE ARE 36 YEARS OLD AND UNDER

GENDER SPLIT



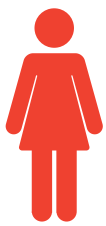
48.3% WOMEN

51.6% MEN

0.1% GENDER DIVERSE

WOMEN IN LEADERSHIP

36% OF LEADERSHIP ROLES HELD BY WOMEN



LGBTTI+ COMMUNITY

6% IDENTIFY AS BEING A MEMBER OF THE **LGBTTI+** COMMUNITY

ETHNICITIES

OUR TOP 10 ETHNICITIES EMPLOYEES IDENTIFY WITH:

Chinese	20%
Australian	16%
Indian	13%
New Zealander	13%
Māori	9%
Filipino	7%
Other Asian	6%
Other European	6%
Samoan	2%
English	2%

OUR TOP 3 NON-ENGLISH LANGUAGES:
Chinese (Cantonese)
Filipino (Tagalog)
Hindi

EMPLOYEES SPEAK/WRITE IN **54** DIFFERENT LANGUAGES

DISABILITIES

1.3% IDENTIFY AS HAVING A DISABILITY

At SKYCITY, we have a strong representation of minority groups who are often underrepresented in the wider workforce. Encouraging diversity of thought in our workforce allows us to strategically reflect our diverse customer base and draw people with different backgrounds to our business. We believe this diversity of thought offers an opportunity to enhance SKYCITY's competitive advantage and provide long term sustainable business success. We value and respect the contributions, ideas and experiences of people from all backgrounds and are committed to an inclusive workplace that enhances and promotes workplace diversity across the business. We are committed to providing opportunities and initiatives that assist all to reach their potential on merit, unhindered by other individual differences, and regularly benchmark and report on our diversity position, policy and objectives.

This year, SKYCITY participated in the Deloitte Inclusion Survey and pleasingly we achieved a score of 4.9 (compared to 4.5 for the overall survey population), which is indicative of an organisation that has a strong foundation for inclusion and is on a journey to becoming a highly inclusive workplace.

SKYCITY has a Diversity and Inclusion Policy (available in the Governance section of the company's website at www.skycityentertainmentgroup.com) that provides a framework for the company's current and future diversity and inclusion initiatives. Each year, the SKYCITY Board sets measurable objectives to promote diversity and inclusion. The measurable objectives set by the Board for the financial year ending 30 June 2019 are to:

- continue to ensure strong female candidates are identified in the recruitment process for all Board and senior executive roles;
- maintain a gender balance across the population of employees who make up the top four levels of the organisation hierarchy;
- continue to review gender pay equality and deliver an organisation-wide programme that removes any risk of bias or inequality;
- leverage diverse talent pools to develop a more ethnically diverse leadership population;
- maintain Rainbow Tick certification for all our New Zealand sites and partner with Pride in Diversity Australia to reiterate our commitment to our lesbian, gay, bi-sexual, intersex, takatapui and trans-sexual staff;
- build the capability of all leaders in understanding and leveraging diversity of thought through ensuring appropriate learning and development solutions are delivered; and
- continue to provide support and education to employees and managers to promote mental health awareness.

SKYCITY's performance against the measurable objectives set by the Board to promote diversity and inclusion for the year ended 30 June 2018 (as reported in the company's 2017 annual report) is outlined on pages 63 and 64 of this annual report.

FY18 PERFORMANCE

A summary of our achievement against the goals, priorities and metrics for this pillar for the financial year ended 30 June 2018 (as set out in SKYCITY's 2017 annual report) is outlined in the table below:

PRIORITY	RESULTS
Increased investment in staff development	✓ Achieved – several new staff development initiatives were deployed which supported staff from underrepresented groups to thrive and develop their potential at SKYCITY, including: • 'Winning Women', an internal professional development series in New Zealand • Tahuna te Ahi, an internal Māori leadership programme in New Zealand • three Pasifika employees participated in the external Niu Pasifika leadership programme in New Zealand In addition: • in New Zealand, one senior woman participated in the Global Women Breakthrough Leaders Programme and five women participated in the Global Women Activate Leaders Programme • we continued to run our internal leadership development programmes across the SKYCITY Group for selected employees
Growth in internal promotion rates	✓ Achieved – internal promotions across the Group have increased year on year from 33% of hires to 37% of hires
Rainbow Tick certification maintained	✓ Achieved – Rainbow Tick maintained for each of our Auckland, Hamilton and Queenstown sites

PRIORITY	RESULTS
Develop an approach to supporting underrepresented minorities in employment and career development	✓ Achieved - the framework and supporting structure for a Diversity and Inclusion Council was developed as a pilot in New Zealand and several employee resource groups have been established, including SKYCITY Pride, Tahuna te Ahi, Women in Technology and Winning Women
Continued focus on gender pay equality and unconscious bias	✓ Achieved • Continued to monitor and report on remuneration outcomes by gender to ensure pay equality across the SKYCITY Group • Our annual salary review saw an average increase for female salaried employees of 2.22% and an average increase for male salaried employees of 2.19% across the SKYCITY Group • An analysis of remuneration across the managerial hierarchy and vertically through a function within the organisation identified no indications of gender bias operating across like positions across the SKYCITY Group • While there is no evidence of a gender driven pay gap across like positions, we remain focussed on increasing the representation of women in senior roles across the business through a gender balanced talent pipeline • The SKYCITY Board and members of the Senior Leadership Team participated in unconscious bias training • The Senior Leadership Team and other New Zealand-based senior managers participated in Rainbow Tick training • SKYCITY participated in the Deloitte Inclusion Survey conducted in partnership with Global Women
Growth in near miss reporting, employee participation in wellness initiatives and safety committees	✓ Achieved • 23% increase in near miss reporting across the Group • 6% increase in total incident reporting across the Group • 37 health and safety representatives from across the Group participated in a specialised training course to improve health and safety engagement and participation • Increased focus on health and safety, leading to the adoption of a new Group Health and Safety Strategy for 2019-2021 • Workshops delivered to coincide with Mental Health Awareness Week across our New Zealand sites • Development of a Healthy Minds programme in Adelaide

HIGHLIGHTS

Health and Safety

Our employees and contractors are the heart and soul of our operations, and ensuring their health and wellbeing is central to our performance as a business and as an employer of choice.

During the past financial year, we have reinforced our commitment to preventing harm and building wellness through assurance activities and improvement initiatives. Of particular focus has been the considerable effort applied to improving the management of our critical risks and contractor management. We redefined our health and safety improvement journey with the development of a SKYCITY Group Health and Safety Strategy for 2019–2021. The strategy outlines our health and safety goals as being industry leading safety culture, effective risk management, contemporary and sustainable systems and processes and improving health and wellbeing. Our key health and safety success factors have been identified as zero fatalities or serious injuries, reducing low consequence and high frequency injuries, keeping our guests safe whilst visiting our properties and enhancing the health and wellbeing of our workforce.

All of our New Zealand properties are Accident Compensation Corporation (ACC) Partnership Programme certified at a tertiary level and our Adelaide site is a registered self-insured employer. Each property within the SKYCITY Group must demonstrate compliance with our Group Health and Safety policy and standards for safety. We conduct internal audits annually and external audits as required for registration and certification. Findings from these audits are monitored and tracked for continuous improvement.

Employee Wellbeing

SKYCITY's wellness programme continues to be strongly supported by our staff. The programme aims to encourage healthier behaviours and personal responsibility for health outcomes by providing support, information and skills training. The programme goals include improving staff health habits, increasing physical activity, reducing absenteeism and improving productivity.

Acknowledging that the hospitality industry is overrepresented in mental health statistics, this year we launched the "SKYCITY Korero" in partnership with comedian Mike King and the Key to Life Charitable Trust and coinciding with Mental Health Week in New Zealand. 115 New Zealand-based employees attended a series of workshops designed to encourage and normalise conversation about mental health. The feedback received was extremely positive with some employees commenting that the korero allowed people to talk more openly about problems and safely ask questions about mental health that they may previously have been too afraid to ask.

The Adelaide site has developed a Healthy Minds programme which launched in 2018. Healthy Minds augments SKYCITY's existing processes (such as offering an Employee Assistance Programme) to incorporate prevention and wellbeing enhancement as a core focus. By becoming an accredited Healthy Minds workplace, Adelaide Casino will enable a baseline level of mental health and wellbeing education accessible to all employees, encouraging openness and communication about staff wellbeing.

All staff will be offered training in the concept of wellbeing (which incorporates mental health) to establish the link between wellbeing and work performance. It is hoped that wellbeing conversations will become a part of management practices ensuring both early intervention when problems arise and a focus on individuals' self-management of their personal wellbeing.

Staff Support Programmes

SKYCITY has a range of services designed to assist employees who may need a helping hand. At our Auckland and Hamilton sites, the Connect Centre offers confidential help and advice for SKYCITY employees – for work issues and situations outside of work. They offer advice about practical and effective ways to handle difficult or sensitive issues. Where needed, they can also assist employees in working with agencies outside of SKYCITY who may be able to help. The Group-wide Employee Assistance Programme (EAP) is a supportive and confidential programme designed to assist SKYCITY employees who may have problems that affect them at work - advice and support is available 24 hours a day, seven days a week, from trained professional counsellors who can help staff with their problems. SKYCITY also provides emergency financial assistance for employees suffering financial hardship. This help can include budgeting advice, and last resort financial help through a 'SMILE' loan to New Zealand-based staff who qualify for support.

Healthcare

SKYCITY understands that healthcare can be expensive and sometimes difficult to access for members of the workforce. We therefore offer permanent, full-time employees in our New Zealand sites health insurance via our healthcare provider Southern Cross Healthcare. SKYCITY fully subsidises the RegularCare plan, which provides shared cover for surgical treatment, recovery, support, imaging and diagnostic tests and day-to-day treatment. Employees are also able to add their family members to the insurance plan at an additional cost.

As part of our wellness programme, all SKYCITY employees across the Group are also invited to get their flu vaccinations at work for free. This service is offered annually to employees on-site at the beginning of the flu season to ensure all staff have easy access to the vaccinations.

Bringing our 'Whole Selves' to Work

We are immensely proud to have maintained a Rainbow Tick for our Auckland, Hamilton and Queenstown properties in 2018 and have committed to continually improving and working with the feedback we receive from Rainbow Tick to find ways we can further support our SKYCITY rainbow community. Being a Rainbow Tick employer means SKYCITY has been acknowledged as being a safe, supportive and

SKYCITY staff celebrate the Auckland Pride Parade

welcoming workplace where employees can bring their whole selves to work without fear of discrimination or disadvantage – no matter what their gender identity or sexual orientation.

Our Adelaide and Darwin sites participated in the Australian Pride in Diversity programme, which reiterates our commitment to our lesbian, gay, bi-sexual, trans-sexual and intersex Australian-based staff.

SKYCITY Queenstown has been a supporter of the Winter Pride event in Queenstown for many years and signed up to the Pride Pledge in June 2018. The Pride Pledge was started in Queenstown to raise the visibility of safe spaces within the Queenstown community after the Winter Pride festival organisers realised that, although the town had an inclusive heart, it was very difficult for the rainbow community to see any visible signs that they were welcome and included.

Employees from our Hamilton and Auckland sites participated for the first time in the Auckland Pride Parade in February 2018 – alongside a colourful float featuring a mirror tiled Sky Tower surrounded by a cityscape.

Women's Refuge Endorsement of SKYCITY's White Ribbon Policy

In March 2018, SKYCITY received Workplace Refuge Endorsement from the Women's Refuge, which recognises the company's achievements in the family violence space. To achieve endorsement, an organisation must show that family violence is prevented, victims and perpetrators of family violence are helped, communication and networking are increased, family violence initiatives are prioritised, and leadership in driving change is demonstrated.

SKYCITY's White Ribbon family violence policy, developed in conjunction with Women's Refuge, was introduced in March 2017 in our New Zealand sites. Since then, SKYCITY has completed more than 385 hours of White Ribbon training for more than 250 managers across its business on how to recognise the signs of family violence, respond accordingly and refer to the appropriate organisations. SKYCITY Auckland has also established a Family Violence Committee that will, alongside the long established Connect Centre (an employee support service), be a point of contact for staff.

New Partnerships

In March 2018, on the eve of International Women's Day, SKYCITY announced its new partnership with Global Women. As an important step in our ongoing commitment to diversity and inclusion, the partnership sees SKYCITY become a principal partner of Global Women, an organisation that aims to change the face of business to be as diverse as New Zealand itself. The partnership allows us to continue to actively support our pipeline of talented women into senior leadership roles with professional development programmes, such as the Global Women Breakthrough Leaders programme.

SKYCITY has also renewed its commitment, for a further three years, as a Major Sponsor of Tupu Toa, a New Zealand corporate pathways internship programme for Māori and Pasifika which is producing a powerful, national network of Māori and Pasifika business leaders through internships with New Zealand's best-known companies.

Developing young chefs

Tahuna te Ahi – Ignite the Fire

One of the ways we deliver on our commitment to an inclusive workplace that enhances and promotes diversity is with targeted programmes which support employees from underrepresented groups to thrive. As a large New Zealand employer, we feel a particular responsibility to ensure we provide our Māori employees (9% of our employees identify as Māori) with every opportunity to progress.

Recognising the special standing of Māori as tangata whenua and the indigenous people of Aotearoa, this year, for the first time, we offered a tailored programme for our New Zealand-based employees providing accelerated leadership development specifically for Māori employees in addition to implementing initiatives which elevate the standing of Māori at SKYCITY more broadly. The programme is designed to ensure the voice of Māori is heard and that the Māori world view, values, and leadership behaviours contribute to our competitive advantage. A core element of the programme saw the participants working in small groups on business related roopu projects such as the inclusion of Māori values in our corporate value statements, a cultural advisory group to support the strengthening of Māori culture within the business and a series of authentic Māori experiences for our customers.

Providing Career Paths for Talented Young People

In February 2018, SKYCITY welcomed 15 promising young chefs into its 2018 intake of the SKYCITY Auckland Chef Apprenticeship Programme. Over the three-year programme, the apprentices will work within more than 20 different kitchen environments at SKYCITY Auckland, including award-winning restaurants and with celebrity chefs Sean Connolly, Nic Watt, Al Brown and Peter Gordon, and gain an internationally recognised City and Guilds Food Preparation and Culinary Arts qualification. Upon completion, graduates are equipped with a wide skill set, having mastered a range of cuisines, and experienced a variety of kitchen environments – a breadth of experience not offered in many other places.

The apprentice chef programme is a part of SKYCITY's focus on youth employment, giving talented young people opportunities to gain qualifications and develop careers in the hospitality industry.

Continuing to Contribute

For our employees approaching retirement age in New Zealand, we offer a Work Choices planned retirement programme – a voluntary and individualised support programme for employees contemplating retirement. Family members are invited to be part of the planning process – the outcomes of which may include phased reduction in hours and/or workload, flexible working arrangements, or redeployment as the employee transitions into retirement. Employees are also provided with some ongoing support services for a period following retirement as well as the continuity of employee discounts at SKYCITY.

While the programme has seen three of our more senior employees transition into retirement during the last financial year, Trevor Philbert at age 82 remains proudly SKYCITY's eldest employee. Trevor enjoys being part of the SKYCITY Auckland Security team, manning the staff entry and passing on the benefit of his 22 years' service with SKYCITY, contributing to the business and to his colleagues.

Dine Academy

A new partnership for SKYCITY in 2018 has been with the Dine Academy, a social enterprise that supports the training and transition to employment of secondary school students passionate about entering a career in the hospitality industry. It offers senior high school students, community groups, vulnerable youth and long term unemployed jobseekers a pre-employment training programme that starts as a boot camp run over one week.

The intensive week-long boot camp includes a day of hands-on practical training and assessment with the Front of House team at the SKYCITY Auckland Convention Centre and culminates with trainees preparing to 'go live' onto a shift. SKYCITY was delighted with the calibre of the students this year and offered 18 of them employment in the SKYCITY Auckland Convention Centre.

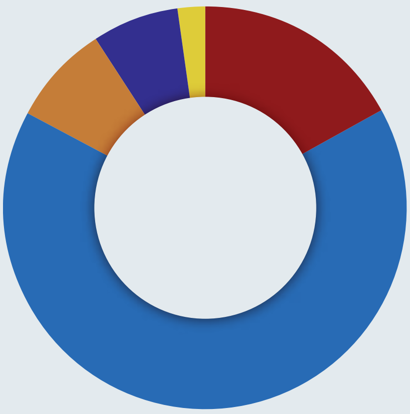
CHALLENGES

SKYCITY has developed a variety of programmes and partnerships to support career development and progression across our sites. Our challenge is to ensure that these programmes and partnerships remain effective and relevant. To this end, SKYCITY regularly discontinues programmes that have not achieved interest or sustained impact, and develops and trials new offerings. In some cases, we have programmes we believe are effective, but participation has dropped for various reasons. We continue to review our programmes and partnerships and seek advice from staff on how to remove barriers to participation (such as release time) and introduce better incentives.

OUR STAFF NUMBERS

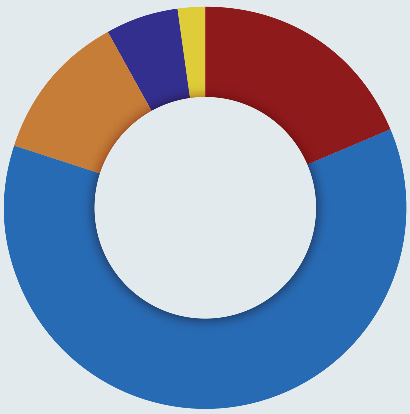
The following is a summary of staff and workforce data for SKYCITY Entertainment Group as at 1 July 2018:

Worked Full-Time Equivalent (FTE)* by site (%)



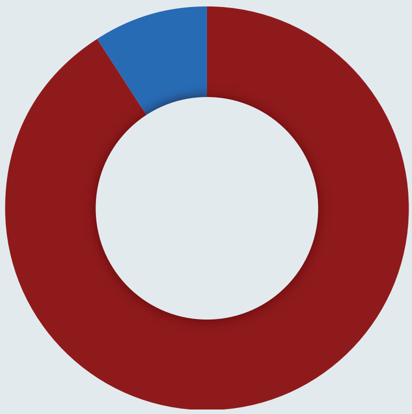
SITE	NO. OF FTE EMPLOYEES	%
Adelaide	618	17%
Auckland	2,354	66%
Darwin	282	8%
Hamilton	248	7%
Queenstown	74	2%
Total	**3,576**	**100%**

Total Headcount for Group (%)



SITE	NO. OF EMPLOYEES	%
Adelaide	1,083	19%
Auckland	3,518	61%
Darwin	671	12%
Hamilton	328	6%
Queenstown	90	2%
Total	**5,690**	**100%**

Employment Contract Type for Group (%)



CONTRACT TYPE	NO. OF EMPLOYEES	%
Permanent	5,201	91%
Temporary	489	9%
Total	**5,690**	**100%**

The FTE calculation is based on contracted hours worked by staff, not actual hours.

Employment Contract Type by Gender (%)

CONTRACT TYPE	FEMALE	GENDER DIVERSE	MALE	GROUP TOTAL
Permanent	91%	100%	91%	91%
Temporary	9%	0%	9%	9%

Employment Contract Type by Site (%)

CONTRACT TYPE	ADELAIDE	AUCKLAND	DARWIN	HAMILTON	QUEENSTOWN
Permanent	70%	98%	88%	100%	100%
Temporary	30%	2%	12%	0%	0%

Employment Type by Gender (%)

CONTRACT TYPE	FEMALE	GENDER DIVERSE	MALE	GROUP TOTAL
Full-Time	49%	40%	61%	55%
Part-Time	25%	20%	17%	21%
Casual	26%	40%	22%	24%

Employees in Collective Agreements by Site (%)

CONTRACT TYPE	ADELAIDE	AUCKLAND	DARWIN	HAMILTON	QUEENSTOWN	GROUP TOTAL*
Yes	78%	26%	83%	8%	0%	41%
No	22%	74%	17%	92%	100%	59%

Group total %'s are weighted proportionately based on site Worked FTE.

Employee Absenteeism as a Percentage of Scheduled Days (%)

CONTRACT TYPE	ADELAIDE	AUCKLAND	DARWIN	HAMILTON	QUEENSTOWN	GROUP TOTAL*
Absenteeism	3.77%	4.01%	2.65%	3.38%	1.96%	3.63%

Group total %s are weighted proportionately based on site worked FTE.

Safe and enjoyable casino experiences

OUR CUSTOMERS

Host Responsibly - Ensuring safe and enjoyable experiences for our customers, staff and our communities

PRIORITY ISSUES

- Leading and best practice host responsibility
- Customer experience and engagement
- Community knowledge

METRICS/DISCLOSURES

- Customer offerings, service and engagement
- Host Responsibility Programme performance and problem gambling indicators, such as preventative customer service encounters and engagement practices
- Employee training completion rates
- Public policy and compliance, including transparent reporting of regulator audit findings
- Benchmarking of SKYCITY's Host Responsibility Programme against industry
- Increase in community knowledge and understanding of SKYCITY's harm minimisation practices

At our core, SKYCITY is a provider of casino entertainment. The promotion of responsible gaming and safe consumption of alcohol are topics at the heart of our business. When done responsibly, gambling can be a harmless entertainment activity, however it can also have harmful effects on some individuals, their families and their communities. Our challenge is therefore to ensure that our business provides entertaining and profitable, yet safe and responsible, experiences and environments for our customers and staff.

We take our responsibilities to minimise risk and harm from problem gambling very seriously - SKYCITY has a robust Host Responsibility Programme in place at each of its sites to prevent and minimise harm from problem gaming, all SKYCITY staff receive training in problem gaming indicators, and we employ a dedicated team of host responsibility specialists at each of our sites. In addition, at our largest and busiest Auckland site, a team of Customer Service Ambassadors are trained to interact with customers and report any concerns to our Security and Host Responsibility specialist teams so preventative action can be taken. An outline of our commitment to host responsibility and detailed individual site-related information can be found at www.skycityentertainmentgroup.com/our-commitment/responsible-gambling.

Given that the most material issue to all stakeholders, internal and external, is responsible gaming, we aim to foster good relationships with problem gambling stakeholders. As part of this approach, we provide tours of our facilities and literature to treatment providers to assist them in understanding our Host Responsibility Programmes. The objective is to improve information sharing and collaboration between stakeholders in order to advance SKYCITY's harm minimisation approach. This collaborative approach ensures that knowledge about problem gambling is shared between SKYCITY and the relevant stakeholders, who will work together to minimise harm.

In late 2016, the New Zealand Department of Internal Affairs conducted a 'mystery shopping' exercise across all casinos and 120 pubs and clubs (Class 4 venues) around New Zealand. SKYCITY's four casinos in Auckland, Hamilton and Queenstown came out top in the exercise. The Department reported that "the results from SKYCITY casinos show what can be done when more dedicated resource is directed at minimising harmful gambling within a culture that puts a clear focus on a high standard of harm minimisation practice" and that "the overall results also show that SKYCITY casinos have cultivated a culture of care within their casinos". We are immensely proud of the culture of care we have developed within our casinos and continue to focus on ways to ensure that this culture of care is maintained, including through regular internal 'mystery shopping' exercises.

> *"We are immensely proud of the culture of care we have developed"*

FY18 PERFORMANCE

A summary of our achievement against the goals, priorities and metrics for this pillar for the financial year ended 30 June 2018 (as set out in SKYCITY's 2017 annual report) is outlined in the table below:

PRIORITY	RESULTS
100% rating in "Promoting Responsible Gaming" on the Dow Jones Sustainability Index (DJSI)	Achieved – maintained a rating of 100% in "Promoting Responsible Gaming" for the second year in the DJSI assessment (results released in September 2017)
100% regulatory compliance in host responsibility and positive trend/improvement in regulator audits	Achieved – no issues identified by regulators
Achieve independent evaluation of host responsibility programmes and training resources at all sites	In progress – in November 2016, an independent review was carried out by KPMG of the Auckland Host Responsibility Programme. Additional reviews were planned for the following 12 months, beginning with Adelaide Casino, using the model followed by KPMG but conducted by our own Group Risk and Assurance team as part of our Business Self-Assurance programme as that team has significant understanding of the issues and risks related to preventing gambling harm. The Group Risk team commenced audits of the Darwin and Adelaide sites in June 2018, which are in the process of being finalised as at the date of this annual report
Maintain or improve on our 2017 financial year baseline for staff rating as a 'responsible host' in the employee engagement survey	In progress – SKYCITY has moved to bi-annual employee engagement surveys and has therefore not had the opportunity to ask staff for their views in 2018

HIGHLIGHTS

SKYCITY improved year on year with a score of 67 points (up four points) in the Dow Jones Sustainability Index assessment in 2017 – just four points below the Australian index score of 71 points required for listing on the index. This result shows continuous improvement being made across many key areas, particularly host responsibility where SKYCITY was ranked 5th out of a total of 21 casino and gaming companies who participated. Pleasingly, we maintained our 100% rating in "Promoting Responsible Gaming".

During the 2018 financial year, a new Group-wide SKYCITY Host Responsibility Governance Group was convened where members of our Operations, Risk, Legal and Host Responsibility teams meet quarterly to discuss host responsibility related incidents and initiatives and to ensure progress against our objective to maintain a leading host responsibility programme is achieved.

SKYCITY Darwin has been involved, together with clubs and pubs throughout the Northern Territory, in Amity Community Services' multi venue self-exclusion pilot programme as a way of contributing to a collaborative, multi-property approach to minimising harm.

CHALLENGES

Maintaining Best Practice

A key focus for SKYCITY is to maintain the high standard of host responsibility best practice recognised by the New Zealand Department of Internal Affairs through its 'mystery shopping' exercise in late 2016. We continue to focus on ways to maintain the high standard, including through our regular internal 'mystery shopping' exercises.

In a dynamic casino environment, maintaining effectiveness, relevancy and consistency in harm minimisation best practice is an ongoing challenge. In response to that challenge, SKYCITY continues to explore available technology solutions (such as trialling facial recognition technology), seek expert advice, consult stakeholder groups and source a range of research material. We anticipate that an effective technology solution will become available in the future.

Managing Exclusions

Another challenge that we deal with frequently is our ability to effectively manage and prevent breaches of customer exclusion orders.

SKYCITY customers can choose to exclude themselves from all SKYCITY premises in New Zealand, for a period of up to two years. In some cases, SKYCITY itself makes the decision to exclude a customer as a means to prevent risk of harm occurring, or as a means to stop further harm through a customer's gaming at a SKYCITY casino. Such exclusions result in an exclusion order. Unfortunately, some customers attempt to re-enter the casino and breach their exclusion orders. With the size of our customer base and premises, it can be a challenge to identify these persons immediately. At times excluded customers do enter the casino with the intention of gaming. We do all we can to prevent this from happening, and all casino supervisors and floor security staff are provided with up-to-date information on customers that have been excluded. SKYCITY keeps photographs of all excluded patrons, and we share our database across our sites so that these excluded individuals cannot enter our other premises. We rely on our casino staff, security and surveillance teams using photographs to recognise these excluded people. Unfortunately, this system is open to error, which can result in some individuals re-entering the casino. Effective technology solutions will, once available to SKYCITY, assist to recognise excluded people.

Consistency of Responsible Gaming Culture and Practice

The alignment of excellent host responsibility and harm minimisation practice and culture across the SKYCITY Group is challenging due to differences from site to site, such as size, scale and staffing structure. There are also market and customer differences that impact our approach to staff training and programme design, in addition to unique cultural distinctions to consider. Furthermore, our sites across New Zealand, South Australia and the Northern Territory each have different regulatory environments in which to operate.

These differences mean that while the Host Responsibility Programmes have similarities, they are often carried out quite differently. However, problem gaming as an addiction and the possibility of harm from this type of behaviour manifests itself the same regardless of jurisdiction or location. That is why SKYCITY endeavours to lead in this area and employ best practice prevention methods across the business. A key strategic focus across the SKYCITY Group for minimising gambling harm is prevention. Robust prevention initiatives can be developed and implemented across the Group with few or no regulatory or local procedural constraints. By adopting a prevention approach, we can increase our ability to identify and respond early to new or emerging concerns that may lead to problem gambling related issues for our customers.

We are also committed to carrying out regular reviews of each of our Host Responsibility Programmes to ensure alignment of our practices across our sites.

OUR COMMUNITIES

Develop and Contribute to our Communities - Serving a social purpose by investing in the local economies and communities in which we operate

PRIORITY ISSUES

- Economic contribution
- Partnerships
- Community outcomes strategy and progress
- Investing in our communities through the SKYCITY Community Trusts in New Zealand and through meaningful charity partnerships
- Developing deeper connections with iwi and predominant ethnicities in the communities in which we operate

METRICS/DISCLOSURES

- Measure and evaluate SKYCITY's economic contribution to the communities in which we operate, including local procurement spend
- Narrative and case studies on partnerships including indigenous/iwi partnerships
- Reporting of community outcomes through narrative and case studies accompanied by quantitative results

Our aim is to create value in our business and in the communities in which we operate. We understand that to do this we need to engage meaningfully with our communities, listen to their critical needs and expectations, and respond through developing meaningful community partnerships and by taking action to address key issues in our operations. Engaging our stakeholders helps us to understand community attitudes toward SKYCITY, the communities' expectations of us, and how stakeholders believe SKYCITY should create value.

SKYCITY engages with stakeholders in a variety of ways, both formal and informal, in each of the communities in which it operates. These actions range from legally required engagement with regulators and problem gaming service providers for example, to less formal feedback mechanisms such as social media, customer surveys and public perception monitoring.

FY18 PERFORMANCE

A summary of our achievement against the goals, priorities and metrics for this pillar for the financial year ended 30 June 2018 (as set out in SKYCITY's 2017 annual report) is outlined in the table below:

PRIORITY	RESULTS
Improve community perception of SKYCITY as a valuable cornerstone enterprise – measured through regular perception insights, research and community engagement feedback	Partially achieved – a 2018 UMR survey in New Zealand showed an improvement in the public's perception of SKYCITY's contribution to the economy and employing a lot of people, but scores related to being a good employer and being trusted to do what is right decreased against the prior year's survey
Improve level of staff awareness of, and pride in, SKYCITY being a responsible part of the community	Achieved – the employee-led Corporate Social Responsibility Committee in Auckland has made excellent progress in driving employee involvement and awareness through their regular meetings and through pillar showcase events

HIGHLIGHTS

A New Strategy - Building Communities by Developing People

In 2017 and 2018, we spent time engaging with our communities to look more closely at our community development and investment activities and see how we could deliver more impact in partnership with the community. As part of this process, SKYCITY held a series of focus groups with employees from across the SKYCITY Group and community representatives, including the youth development, family support and financial capability sectors – the purpose of which was to determine what social issues the community sector considered to be most credible and aligned to SKYCITY, given our unique set of resources and assets. What was heard overwhelmingly from this process was that SKYCITY had the ability to be a game changer in the community investment space, that SKYCITY could lead the way with innovative and transformative community development goals and that, with strategic collaboration, SKYCITY had the platform as a large organisation to create sustained social impact.

Through this engagement and analysis process it became evident that SKYCITY, as somewhat of a microcosm of the wider community, should be focussing on young people and their access to liberating opportunities for personal development, lifelong learning and employment. In this context, a thematic approach of "Building Communities by Developing People" has become the foundation for what SKYCITY stands for and the overarching theme for SKYCITY's community investment and development across all of our sites. With the benefit of the feedback gained through engaging with our stakeholders, SKYCITY has developed a new community development and investment strategy that has a spirit of partnership at its heart. What SKYCITY brings to the table is employment opportunity for unskilled, unemployed and at-risk youth within each of the communities within which we operate. We can provide employment, training and a career path. This is a powerful contribution and we will partner with other philanthropic trusts, community groups, corporate and government agencies to provide the wrap-around support these young people need to get into sustainable employment.

Over the coming year, we will finalise the operational strategy across the SKYCITY Group to deliver this new strategy, which will result in a significant realignment of our existing community activities. We will also work in partnership with our communities and stakeholders to co-design a job and life skills programme that has the power to transform the lives of disadvantaged young people. We will achieve greater social impact and business value by better focussing our community investment, charity partnership, cause marketing and sponsorship resources toward this core theme, allowing for local diversity in developing genuine community partnership.

Through collaboration with the SKYCITY Auckland Community Trust, there is opportunity to achieve even greater social impact in the areas of youth development and wellbeing through the Trust's prioritisation of youth development and its identification of the following key areas for funding - youth development, including mentoring and transition support; youth wellbeing, including mental health; work readiness and work-related skills and training; and initiatives that support educational achievement.

Underpinning SKYCITY's community development and investment strategy is an opportunity for SKYCITY staff to take their knowledge and skills out into their communities through a volunteer programme and involvement in the delivery of youth development programmes.

SKYCITY Community Trusts

Over the past financial year, our four SKYCITY Community Trusts awarded a total of $4 million to communities in the Auckland, Waikato and Queenstown Lakes regions.

Established to provide funds for community and charitable purposes, the SKYCITY Community Trusts are one of the vehicles we use to 'put something back' into the local community. The independent trusts aim to help local and regional organisations carry out community assistance and development work, focussing on supporting families to thrive and communities to prosper. Since establishing the SKYCITY Auckland Community Trust in 1996, we have awarded over $55 million to more than 4,700 community groups and organisations, large and small, through our four SKYCITY Community Trusts.

BACS Good Business Egg Awards

In April 2018, SKYCITY was awarded the Community Empowerment Award at the BACS Good Business Egg Awards 2018. BACS (Business and Community Shares) is a trusted partner in facilitating the sharing of skills, knowledge, resources and wisdom between community organisations and businesses to tackle issues in New Zealand society to better enable communities to thrive. BACS host an annual awards event to showcase good corporate social responsibility by New Zealand businesses that invest in people sustainability.

The awards are judged by a panel of community leaders (which, this year, included the Women's Refuge, White Ribbon and YWCA) and businesses are not able to nominate themselves. The judges noted that SKYCITY is a well-developed company that has quietly advanced into leadership in New Zealand social responsibility through its strategic planning.

Variety – The Children's Charity

In May 2018, SKYCITY's 18-year partnership with Variety – The Children's Charity was recognised by the award of a Variety International Presidential Award presented to SKYCITY at the Variety World Conference held in Adelaide. The award is presented to companies that show outstanding commitment to Variety and those who have, over many years, assisted Variety's mission of improving the lives of disadvantaged kids.

We are proud of the partnership we have with Variety and the support we have provided to continue the important work they do in our communities, raising more than $3.6 million through fundraising, grants and in-kind sponsorship over the past 18 years.

Free Admission to the Sky Tower

In August 2017, we celebrated the Sky Tower's 20th birthday with a programme of celebratory activities throughout the month, including a day where Aucklanders enjoyed free entry to the Sky Tower to thank them for having so enthusiastically supported the Sky Tower since it opened in 1997. Over 7,600 visitors took up the opportunity to visit the Sky Tower for free on that day. New Zealand residents can also enjoy free entry to the Sky Tower on their birthday with photo ID and proof of residential address.

In May 2018, the Sky Tower was voted the number one activity in Auckland on TripAdvisor, the world's largest travel website.

Leukaemia & Blood Cancer New Zealand

Nearly 1,000 firefighters from communities across New Zealand joined forces to raise more than $1.5 million for Leukaemia & Blood Cancer New Zealand (the national charity dedicated to supporting patients and their families living with blood cancers and related blood conditions) for the 14th Firefighter Sky Tower Stair Challenge in May 2018, with each participant climbing the 1,103 steps of the Sky Tower wearing 25 kilograms of gear. The annual event for SKYCITY's charity partner reached its $1 million fundraising target three days ahead of the event.

SKYCITY Auckland first hosted the Firefighter Sky Tower Stair Challenge in 2004 and the event has gone from strength to strength every year since. SKYCITY is proud to have Leukaemia & Blood Cancer New Zealand as a charity partner and to have worked together to raise more than $9.75 million through three annual events - the Firefighter Sky Tower Stair Challenge, Step Up Sky Tower Stair Challenge and SKYCITY Dining for a Difference.

Volunteering and Donations

SKYCITY Queenstown staff volunteered on a regular basis throughout the year to support the Wakatipu Reforestation Trust planting days.

During the financial year, SKYCITY Auckland employees volunteered their time to help prepare meals using rescued food, much of which comes from SKYCITY's partnership with Kiwi Harvest (a food rescue programme), for Everybody Eats, an ambitious social enterprise offering both those hungry and in need and those looking for a unique dining experience a nutritious three-course dinner on a "pay as you feel" basis in Auckland City's Karangahape Road. SKYCITY Auckland Executive Chef Fiona Ruane is the driving force behind SKYCITY's involvement in Everybody Eats and says "tables are shared with people from all walks of life enjoying a unique experience. Those who are underprivileged sit with a broad range of people and are not judged on their appearance or their circumstances and everyone gets to experience a wonderful three-course meal".

In line with our commitment to reducing waste, SKYCITY Hamilton donated surplus furniture from their office refurbishment project to local charities. The drama department at a local school along with theatres across New Zealand benefited from the donation of surplus uniforms following a change in uniform for our Hamilton employees – with no uniforms having ended up in landfill.

CHALLENGES

SKYCITY is a major cornerstone of the community. We understand that our scope for influence and change is huge, and SKYCITY invests in and works to develop our communities in a variety of ways.

Whilst it is easy for organisations to talk about inputs and outputs, such as how much money or 'in-kind' contributions are given to charity, the number of charities receiving support, or how many hours staff spend on volunteering for community projects, it is a more challenging exercise to determine the outcomes and impact of those activities. We want to ensure that there is genuine and measurable social impact from our SKYCITY Community Trusts and other charitable giving. In this regard, our refreshed community development approach of "Building Communities by Developing People" has become the foundation for what SKYCITY stands for and the overarching theme for our "Develop and Contribute to Our Communities" pillar. We are enormously proud of this new direction for SKYCITY's community development and investment strategy and look forward to sharing our progress with our stakeholders over the coming year.

We continue to look at our community investments and partnerships in a more holistic and strategic way, to ensure that they are aligned to our unique business assets and are ultimately delivering both social and business value.

OUR ENVIRONMENT

Conserve the Environment - Reducing our environmental footprint

PRIORITY ISSUES

- Climate change and emissions
- Reducing waste

METRICS/DISCLOSURES

- Emissions and emission intensity including energy efficiency and reduction
- Measuring and reporting our carbon footprint
- Reduction of waste and diversion from landfill

SKYCITY is dedicated to growing in a sustainable manner with a commitment to environmental sustainability as a foundation for successful economic, social and cultural development. Working within the limits of the natural environment will allow current and future generations to benefit from its resources to ensure continual economic and social prosperity, which we believe results in business continuity and positive impacts on staff and stakeholder wellbeing.

Although SKYCITY is not a major emitter of greenhouse gases, we recognise the role that we need to play in reducing our impacts and have committed to the setting of internationally accredited science-based targets to reduce our emissions, which will be set by the end of FY19 through Science Based Targets, a joint initiative of CDP, the United Nations Global Compact (UNGC), the World Resources Institute (WRI) and the World Wildlife Fund (WWF).

We take climate change seriously and have already taken significant steps to reduce our environmental impact, with a focus on the two key areas of reducing energy consumption and reducing waste. SKYCITY has already made steps towards climate action, including a 14% and 17% reduction in carbon from gas and electricity respectively per dollar revenue during the period from FY15 to FY18.

In July 2018, a group of 60 New Zealand business leaders, including SKYCITY's Chief Executive Officer Graeme Stephens, joined forces to tackle the issue of climate change by forming the Climate Leaders Coalition. Together, the members of the Climate Leaders Coalition represent a variety of businesses from different industries, which contribute to nearly half of New Zealand's emissions. The group's goal is to help New Zealand transition to a low emissions economy and, in doing so, create a positive future for New Zealanders, business and the economy.

Members of the Climate Leaders Coalition have signed a joint Climate Change Statement, which commits their companies to action and is the group's first step in their drive for positive change. By signing the statement, each of the business leaders have committed to:

- measuring their greenhouse gas emissions and publicly reporting on them;
- setting a public emissions reduction target consistent with keeping within 2 degrees of warming;
- working with their suppliers to reduce their greenhouse gas emissions;
- supporting the Paris Agreement and New Zealand's commitment to it; and
- supporting the introduction of a climate commission and carbon budgets enshrined in law.

The Climate Leaders Coalition recognises the role that business can play in bringing about change and demonstrates the significant leadership direction being taken by businesses on the issue of climate change.

As part of our commitment to climate action, SKYCITY is also working towards achieving certification by the Certified Emissions Measurement and Reduction Scheme (CEMARS) run by Enviro-Mark Solutions, a government-owned environmental certifications body in New Zealand. As part of this process, SKYCITY is measuring, managing and formalising a reduction plan for our carbon emissions with the objective of keeping global temperatures within 2 degrees of warming. This plan will be independently audited and verified under the CEMARS programme. As recommended by the Task Force on Climate-related Financial Disclosures, we are also preparing disclosures on climate risks pending direction from the publication of the Carbon Bill by the New Zealand Government in April 2019.

FY18 PERFORMANCE

A summary of our achievement against the goals, priorities and metrics for this pillar for the financial year ending 30 June 2018 (as set out in SKYCITY's 2017 annual report) is outlined in the table below, noting that:

- in 2018, we adopted the CEMARS programme to calculate our carbon footprint for the 2018 financial year and recalculate our carbon footprint for the previous 2015–2017 financial years, with the following resulting changes in methodology and restatement of results:
  - for our Queenstown sites, we used supplier measured data rather than estimated data for gas usage;
  - for our Darwin site, different conversion factors for gas were used and gas data usage may change once supplier measured data for FY15–17 is received (which will replace estimated data); and
- our environmental data is measured per million dollars of revenue, excluding revenue from International Business.

PRIORITY	RESULTS
General	
Measure and establish baseline data for the 2015–2018 financial years for emissions, energy, waste and water	✓ Achieved – baseline data for emissions, energy, waste and water for FY15 - FY18 is set out on page 50 of this annual report
Improve employee perception of SKYCITY as being responsible with respect to the environment	✓ Achieved • Improved staff awareness across the Auckland site around SKYCITY's environmental initiatives via our internal staff newsletter and intranet, including our waste management initiatives (to coincide with Recycling Week in New Zealand), alternative transport options and SKYCITY's involvement in the Moo2Shampoo Recycling Project • Opened a bike cage in the SKYCITY Auckland car park for staff (who cycle to work) to securely store their bicycles – as part of the launch, cycling safety gear, backpack covers and bells were given away to staff • SKYCITY Auckland staff were offered an Auckland Transport HOP card to enable them to enjoy free public transport for two weeks within Auckland • Increased focus on carbon emissions and climate change action across all New Zealand sites as a consequence of SKYCITY signing up to the Climate Leaders Coalition in New Zealand
Carbon	
Measure carbon footprint (scope 1 and 2) by the end of FY18	✓ Achieved
Measure carbon footprint (scope 3) by the end of FY20	✓ Achieved – our carbon footprint will be audited by CEMARS in FY19
10% reduction in scope 1 and 2 emissions by the end of FY18	✓ Achieved – 16% reduction in gas and electricity from FY15 baseline
30% reduction in total emissions by the end of FY25	→ In progress

PRIORITY	RESULTS
Energy	
3% energy reduction per year per dollar revenue (from FY15 baseline)	Achieved – Electricity: 3% reduction each year from FY17 to FY18, FY16 to FY17 and FY15 to FY16
	Partially achieved – Gas: 1% reduction from FY17 to FY18, 5% reduction from FY16 to FY17 and 9% reduction from FY15 to FY16
Waste	
40% reduction of waste to landfill by end of FY25 (from FY15 baseline)	In progress
7% reduction per year in waste to landfill per year per dollar revenue	Partially achieved – 13% reduction from FY17 to FY18, 6% reduction from FY16 to FY17 and 1% reduction from FY15 to FY16
Zero waste by end of FY30	In progress
Water	
3% water use reduction per year per dollar revenue	Partially achieved – 10% reduction from FY17 to FY18, 2% reduction from FY16 to FY17 and 9% increase from FY15 to FY16

HIGHLIGHTS

Moo2Shampoo Recycling Project – A New Zealand First

SKYCITY and Fonterra have partnered on a product stewardship scheme that sees Anchor 'light proof' milk bottles which are used at SKYCITY Auckland's Sky Café recycled locally to produce the Puriri amenities range for the SKYCITY Grand Hotel and SKYCITY Hotel in Auckland. Product stewardship is a concept where whoever designs, produces, sells or uses a product takes responsibility for minimising the product's environmental impact throughout all stages of the product's life cycle.

The empty Anchor milk bottles used at Sky Café are collected by Anchor and delivered to Auckland-based plastics recyclers, Astron Sustainability. There, the bottles are ground down to plastic beads which are delivered to HealthPak to manufacture the Puriri bottles for SKYCITY's hotel amenities range. Once discarded by hotel guests, the empty Puriri bottles are collected and recycled back into the cycle, creating a continuous recycling loop – and life – for the Anchor milk bottles.

The first batch of recycled Puriri bottles was presented to our customers in November 2017. In its infancy, this is the first product stewardship initiative of its kind between two New Zealand companies and will see 35,000 milk bottles recycled locally per annum. This innovative partnership shows the possibility and power of businesses working together to create shared solutions that reduce environmental impact. Both SKYCITY and Fonterra are working towards Moo2Shampoo achieving registration as a product stewardship scheme and endorsement from the Ministry for Environment.


SKYCITY Auckland's Executive Chef, Fiona Ruane, and her team take pride in SKYCITY's waste management initiatives

Food Redirection and Recovery

SKYCITY's Auckland and Hamilton sites have implemented a robust food waste redirection and recovery programme. We have partnered with both Kiwi Harvest and Kaivolution to donate food in accordance with the Food Act 2014. This has resulted in the donation of 700kg of food to charities through Kiwi Harvest since the programme began in June 2016 and 2,250kg of food donated through Kaivolution since March 2015.

Food that cannot be donated is collected from all SKYCITY Auckland kitchens and commercially composted offsite to be used on New Zealand soils to aid the horticulture industry. During the 2018 financial year, through the efforts of our kitchen teams, SKYCITY sent 500 tonnes of food waste to be commercially composted. This has led to the implementation of compostable coffee cups and lids in all of our Auckland outlets in addition to the phasing out of plastic straws to those of compostable material where straws are required.

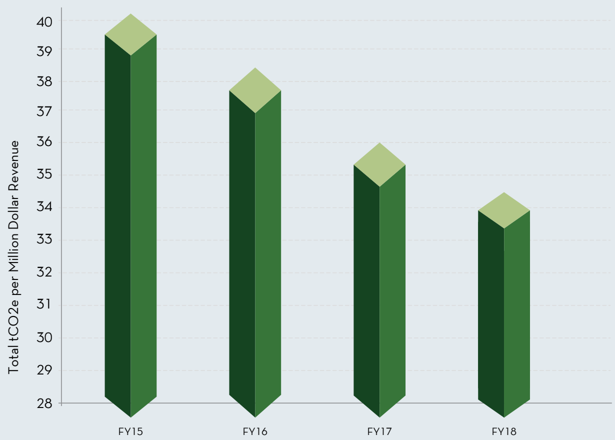
SKYCITY has presented and given tours to businesses interested in their own food waste journey.

Playing Cards

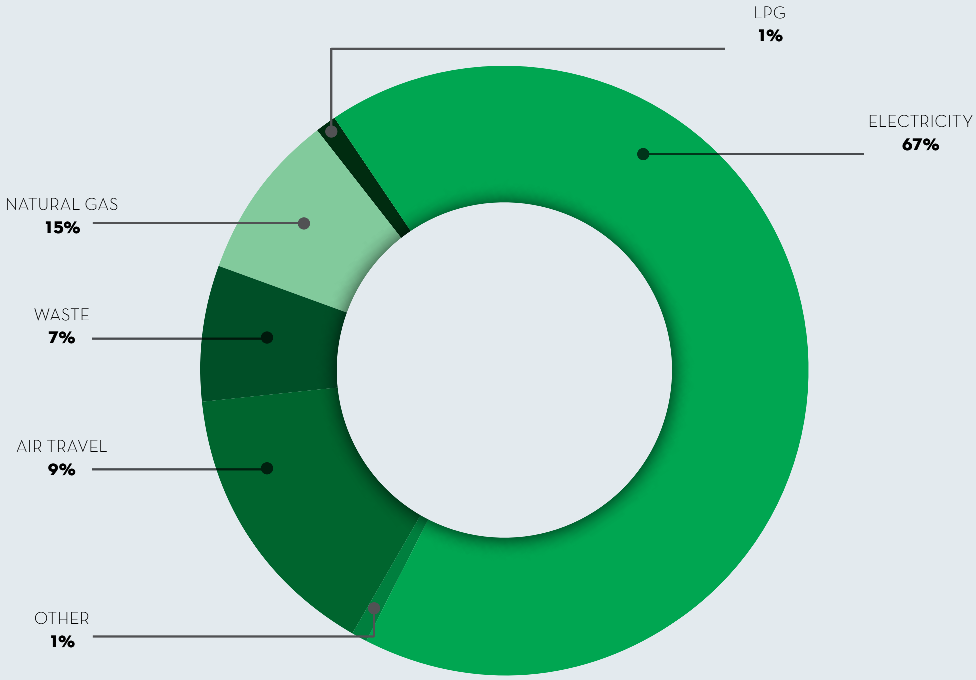
Our playing cards, previously going to landfill, can now be recycled through our waste service partners. This initiative will be rolled out across all our sites during the coming year and will equate to 170 tonnes of playing cards being recycled per annum.

TOTAL CARBON FOOTPRINT (UNAUDITED)

Including Scope 1, Scope 2 and Scope 3 (per million dollar revenue)



FY18 CARBON FOOTPRINT INVENTORY (UNAUDITED)



The following tables summarise our key environmental performance data for FY15 to FY18. In 2017, we undertook external assurance for the first time of our FY17 environmental performance data (covering electricity and waste to landfill). In 2018, our FY18 performance data for Scope 1 GHG emissions from gas, Scope 2 GHG emissions from electricity and waste to landfill volume were audited. To help ensure our data systems and targets are robust, in the coming year we are also preparing to have our baseline FY15 to FY17 data independently audited.

ENERGY

Electricity (kWh per million dollar revenue)

ELECTRICITY KWH PER DOLLAR REVENUE	SKYCITY AUCKLAND	SKYCITY HAMILTON	SKYCITY QUEENSTOWN	ADELAIDE CASINO	SKYCITY DARWIN	SKYCITY GROUP
FY15	83,159.82	110,939.85	42,855.98	74,215.03	121,223.52	**88,315.12**
FY16	78,158.29	107,768.05	31,899.73	77,157.74	125,359.27	**85,664.30**
FY17	74,119.97	95,339.35	33,906.67	79,603.09	131,359.68	**83,510.27**
FY18	73,795.90	85,453.30	25,944.78	73,266.51	125,755.39	**80,596.77**
% change FY15 to FY18	11% decrease	23% decrease	39% decrease	1% decrease	4% increase	**9% decrease**

Gas (kWh per million dollar revenue)

GAS KWH PER DOLLAR REVENUE	SKYCITY AUCKLAND	SKYCITY HAMILTON	SKYCITY QUEENSTOWN	ADELAIDE CASINO	SKYCITY DARWIN*	SKYCITY GROUP
FY15	40,547.40	37,619.40	46,964.90	22,175.26	7,702.63	**31,963.84**
FY16	35,204.18	37,983.55	47,579.36	21,322.23	8,211.80	**29,198.18**
FY17	32,190.98	30,690.76	58,599.21	22,465.88	8,786.38	**27,629.49**
FY18	32,381.34	27,539.59	57,854.38	20,757.29	9,630.46	**27,416.80**
% change FY15 to FY18	20% decrease	27% decrease	23% increase	6% decrease	25% increase	**14% decrease**

**Gas data usage for FY15-17 is based on estimated data and not supplier measured data.*

EMISSIONS

Scope 1 Emissions from Gas

TCO2E (GWP) PER MILLION DOLLAR REVENUE	SKYCITY AUCKLAND	SKYCITY HAMILTON	SKYCITY QUEENSTOWN	ADELAIDE CASINO	SKYCITY DARWIN*	SKYCITY GROUP
FY15	7.87	7.31	9.12	4.11	1.73	**6.21**
FY16	6.84	7.38	9.24	3.96	1.84	**5.67**
FY17	6.25	5.96	11.38	4.17	1.97	**5.37**
FY18	6.29	5.35	11.24	4.03	2.16	**5.36**
% change FY15 to FY18	20% decrease	27% decrease	23% increase	2% decrease	25% increase	**14% decrease**

**Gas data usage for FY15-17 is based on estimated data and not supplier measured data.*

Scope 2 Emissions from Electricity

TCO2E (GWP) PER MILLION DOLLAR REVENUE	SKYCITY AUCKLAND	SKYCITY HAMILTON	SKYCITY QUEENSTOWN	ADELAIDE CASINO	SKYCITY DARWIN	SKYCITY GROUP
FY15	11.53	15.40	5.88	39.33	81.22	**27.60**
FY16	10.13	13.94	4.14	40.89	83.99	**26.28**
FY17	8.85	11.39	4.05	40.58	86.07	**24.73**
FY18	8.82	10.21	3.10	35.90	80.48	**22.93**
% change FY15 to FY18	24% decrease	34% decrease	47% decrease	9% decrease	1% decrease	**17% decrease**

WATER

KL PER MILLION DOLLAR REVENUE	SKYCITY AUCKLAND	SKYCITY HAMILTON	SKYCITY QUEENSTOWN	ADELAIDE CASINO	SKYCITY DARWIN	SKYCITY GROUP
FY15	513.39	502.68	Data not available	311.84	1382.27	**608.90**
FY16	519.24	450.89	Data not available	337.86	1777.73	**661.35**
FY17	531.29	374.93	Data not available	354.00	1690.06	**646.01**
FY18	505.81	354.27	Data not available	314.78	1379.52	**578.47**
% change FY15 to FY18	1% decrease	30% decrease	Data not available	1% increase	0%	**5% decrease**

WASTE TO LANDFILL

TONNES PER MILLION DOLLAR REVENUE	SKYCITY AUCKLAND	SKYCITY HAMILTON*	SKYCITY QUEENSTOWN	ADELAIDE CASINO	SKYCITY DARWIN	SKYCITY GROUP
FY15	3.88	1.89	Data not available	Data not available	4.30	**3.82**
FY16	3.76	2.83	Data not available	Data not available	4.22	**3.77**
FY17	3.50	2.54	Data not available	Data excluded	4.17	**3.53**
FY18	2.87	2.50	Data not available	Data excluded	4.32	**3.08**
% change FY15 to FY18	26% decrease	32% increase	Data not available	Data excluded	1% increase	**19% decrease**

**Increased waste from December 2015 to September 2016 and from December 2016 to February 2017 due to on-site refurbishments.*

Scope Definitions

Through the CEMARS programme, SKYCITY must report all Scope 1, Scope 2 and Scope 3 emissions (unless deemed de minimis), where:

- **Scope 1 emissions** are direct emissions from sources owned or controlled by SKYCITY - for example, gas (LPG and natural), fuel combustion from company vehicles, rental cars and leased fleet, and refrigerant and air conditioning systems;
- **Scope 2 emissions** are indirect emissions from electricity purchased by SKYCITY; and
- **Scope 3 emissions** are indirect emissions from sources not owned or controlled by SKYCITY but resulting from SKYCITY's activities - for example, travel (including short and long-haul air travel), waste sent to landfill and freight/couriers (for items exceeding 2kg).

OUR SUPPLIERS

Source Ethically and Responsibly - Sourcing responsibly and locally

PRIORITY ISSUES

- Ethical and sustainable sourcing practices
- Supply chain transparency and traceability
- Local suppliers

METRICS/DISCLOSURES

- Responsible procurement strategy and performance
- Procurement activity supports the objectives of the Conserve the Environment pillar
- Reporting of adherence, audit results and outcomes
- Local vs international procurement spend
- Case studies on local suppliers and tangible community benefits
- Disclosure of risk relating to human rights and forced labour issues in supply chain

This pillar concerns the way SKYCITY leverages its relationships with other organisations to promote positive outcomes in areas of impact such as anti-corruption, responsible political advocacy, fair competition and promoting social and environmental responsibility in our supply chain. Positive outcomes can be achieved by providing leadership and promoting the adoption of social responsibility more broadly through the organisation's sphere of influence.

SKYCITY has approximately 4,030 key on-going suppliers across the Group, with a significant number of these being in the food and beverage sector. As a major purchaser of goods and services (we spent over $271 million with a vast array of suppliers of goods and services in the financial year ended 30 June 2018), SKYCITY has a significant opportunity to use its purchasing power to drive sustainability. Our approach is to focus on the areas in which we can have the biggest impact in terms of minimising our carbon footprint and with respect to key vendors at high ongoing expenditure levels. These areas include food, beverage, property and marketing portfolios in particular.

We adopted an Ethical Sourcing Code in 2016 to improve our indirect impact on society and the environment by carefully selecting and working with our suppliers to ensure sustainable procurement. The Code outlines our alignment with the ten principles of the United Nations Global Compact. It is not a compliance measure in itself, but asks that vendors provide voluntary acknowledgement of our commitment to the principles of the Code. Through distribution of the Code, we hope to encourage our suppliers to improve their practices and to assist them in doing so, hence improving the quality of life of the people we touch indirectly and contributing to the protection of the environment. In the past financial year, we have continued to advance our leadership in supply chain sustainability by rolling out the Ethical Sourcing Code to current and new suppliers across our sites via the onboarding process for new vendors.

FY18 PERFORMANCE

A summary of our achievement against the goals, priorities and metrics for this pillar for the financial year ended 30 June 2018 (as set out in SKYCITY's 2017 annual report and refined in SKYCITY's 2017 Corporate Sustainability Report) is outlined in the table below:

PRIORITY	RESULTS
Increased Dow Jones Sustainability Index (DJSI) rating for "Supply Chain Management" year on year	Achieved – rating increased to 58% in "Supply Chain Management" (up from 51%) in the DJSI assessment (results released in September 2017)
By the end of FY18, all new vendors and existing vendors across the Group have received a copy of, and acknowledge their voluntary commitment to support the principles of, SKYCITY's Ethical Sourcing Code	Partially achieved - all new vendors are made aware of the Code at the time of onboarding and SKYCITY has regularly communicated with all suppliers to reinforce the Code. As part of a technology upgrade to our purchasing system in late 2018, all suppliers will be asked to acknowledge their commitment to support the principles of the Code

PRIORITY	RESULTS
By the end of FY18, the vendor sustainability assessment and auditing process will be agreed across all SKYCITY sites	Achieved – the EcoVadis assessment and auditing process (as outlined below) was selected
By the end of FY18, vendors covering 70% of New Zealand spend in key categories (food and beverage, property and marketing) will have undertaken the chosen sustainability assessment and audit process	Partially achieved – of the 129 suppliers initially invited to undertake the EcoVadis assessment/audit, 45 New Zealand-based suppliers (representing over $22 million or approximately 60% of our annual food and beverage procurement spend in New Zealand) have completed the process. Over the coming year, incorporating learnings from the initial pilot, the assessment/audit will be extended to cover additional New Zealand suppliers and our Australian suppliers
By the end of FY19, vendors covering 70% of Group spend in key categories (food and beverage, property and marketing) will have undertaken the chosen sustainability assessment and audit process	In progress - the EcoVadis assessment/audit will be extended to cover additional New Zealand suppliers and our Australian suppliers

HIGHLIGHTS

Group Procurement Policy

At SKYCITY, we actively seek out ways to incorporate sustainability criteria into our supply chain. During the last financial year, we launched a Group-wide procurement policy to incorporate the key governing principles of shareholder value, superlative experiences, community benefit and corporate sustainability. Our intention is to source and procure locally made and supplied products from Australasian owned and operated businesses as a preference wherever possible. The new policy drives greater rigour in the onboarding of new suppliers and has an emphasis on supplier consolidation and ethical sourcing with SKYCITY choosing the best mix of suppliers to meet its business requirements.

Sustainable Supply Chain

In September 2017, we commenced a sustainable supply chain assessment pilot initiative with 129 of our key suppliers in New Zealand. As part of this, we engaged an external provider, EcoVadis, to audit and rate our suppliers against an industry-tailored set of environmental, social and governance criteria and our suppliers were invited to fill out an online questionnaire and provide evidence to support their actions and policies across each criterion. A supplier who completes the assessment receives a rating scorecard that shows areas where they are achieving good practice and areas where they may need to improve. We can therefore identify critical risks and begin a dialogue with our suppliers with a view to improving sustainability performance over time. As noted earlier, 45 suppliers have completed the assessment/audit and we will continue to roll out the process to suppliers across the SKYCITY Group.

Tuna Supplier Review

During the financial year, SKYCITY completed an investigation of tuna suppliers for its New Zealand operations and established that all suppliers were operating in accordance with laws within their local jurisdictions, under strict licences and quotas, with most product being line caught aside from a small percentage (6% of our total tuna supply) which is farmed.

SKYCITY sources tuna from New Zealand, Fiji and Mexico and has a stringent approach to selecting suppliers, many of whom are long term, trusted partners to our business who have been subject to the careful due diligence of our procurement team, with ethical sourcing being an important consideration.

Corporate Social Responsibility Committee Showcase

Throughout the year, at our Auckland site, the employee-led Corporate Social Responsibility Committee held a series of events highlighting the objectives sitting behind each pillar of SKYCITY's corporate social responsibility framework and outlining ways in which employees could get involved and support initiatives.

Our procurement, purchasing and supply chain areas have a strong focus on corporate social responsibility as they are the first point of contact with the suppliers that provide the products and services purchased on behalf of SKYCITY.

During the week-long event in Auckland, the SKYCITY Procurement team was encouraged by the level of interest from employees in understanding where we procure from and that the SKYCITY Ethical Sourcing Code is a fundamental part of the procurement and supply chain at SKYCITY.

CHALLENGES

Our current procurement system does not categorise country of origin by each product line. As part of a major information technology upgrade project, we will be able to categorise items in more detail, including country of origin, from late 2018. In the interim, the SKYCITY Procurement team has identified ways to manually capture this information, allowing us to modify procurement practices where required to support our new Group Procurement Policy.

We continue to focus on obtaining a clearer picture of our suppliers' supply chains to ensure they align with our Ethical Sourcing Code and new suppliers are asked about their supply practices prior to becoming an approved supplier of the company. However, the scope and geographic spread of our supply chain, and also the wide variety of suppliers we engage with, creates challenges for embedding the Ethical Sourcing Code and ensuring our suppliers are doing more than acknowledging their commitments. Our suppliers are very diverse, ranging from small localised family businesses to global multinationals. In some cases, our suppliers are very small operators and they have few resources to provide detailed information about their policies and sustainability and governance approaches. In other cases, we have had long-standing agreements with suppliers, but have never engaged them before on sustainability issues. As we manage these issues more closely, we will have the opportunity to deepen our engagement with our suppliers on the Ethical Sourcing Code. A key way that we will do that into the future is to undertake supplier sustainability assessments and audits.

Whilst we have made good progress in our supply chain practices to date, we recognise that more focus and attention is required to achieve our objectives. We are committed to increasing the clarity around our goals, priorities and metrics for this pillar.

A living wall at SKYCITY Auckland

EY
Building a better working world

Independent Limited Assurance Statement to the Management and Directors of SKYCITY Entertainment Group Limited

Our Conclusion

Ernst & Young ('EY', 'we') was engaged by SKYCITY Entertainment Group Limited ("SKYCITY") to undertake limited assurance as defined by the International Standards on Assurance engagements (New Zealand), over disclosures associated with selected Corporate Social Responsibility ("CSR") performance data included in SKYCITY's Annual Report for the year ended 30 June 2018. Based on our review, nothing came to our attention that caused us to believe that the agreed CSR performance data detailed in the table below has not been prepared and presented fairly, in all material respects, in accordance with the criteria defined below.

What our review covered

We reviewed the CSR performance data for fifteen of SKYCITY's Annual report disclosures for the year ended 30 June 2018 only. The CSR performance data metrics covered by our assurance procedures are detailed in the table below.

CSR performance data	Report page
2017 DJSI rating in 'promoting responsible gaming'	43
2017 DJSI rating in "Supply Chain Management"	53
Total dollars distributed by SKYCITY's Community Trusts in FY18	45
Scope 1 GHG emissions from Gas (tCO2-e per million dollar revenue)	52
Scope 2 GHG emissions from electricity (tCO2-e per million dollar revenue)	52
Waste to landfill (tonnes per million dollar revenue)	52
Worked Full-Time Equivalent by site %	40
Total Headcount for Group %	40
Employment contract type for Group %	40
Workforce profile – employment contract type by gender %	41
Workforce profile – employment contract type by site %	41
Workforce profile – employment type by gender %	41
Employees in Collective Agreements by site %	41
Employee Absenteeism % as a percentage of scheduled days.	41
% of SKYCITY's annual food and beverage procurement spend in New Zealand with suppliers that have completed the 'EcoVadis' sustainability assessment.	54

Criteria applied by SKYCITY

The criteria for our assurance engagement included: the Global Reporting Initiative (GRI) Standards; the Greenhouse Gas Protocol: A Corporate Accounting and Reporting; and SKYCITY's own published criteria, as detailed within the SKYCITY Entertainment Group Annual Report for the year ended 30 June 2018 available at: https://www.skycityentertainmentgroup.com.

Key responsibilities

EY's responsibility and independence

Our responsibility was to express a conclusion on SKYCITY's selected CSR performance data metrics based on our review.

We were also responsible for maintaining our independence and confirm that we have met the requirements of the *External Reporting Board of New Zealand*, and have the required competencies and experience to conduct this assurance engagement.

SKYCITY's responsibility

SKYCITY's management ("management") was responsible for selecting the Criteria, and preparing and fairly presenting the CSR performance data metrics in accordance with that Criteria. This responsibility includes establishing and maintaining internal controls, adequate records and making estimates that are reasonable in the circumstances.

Our approach to conducting the review

We conducted this review in accordance with the International Standard on Assurance Engagements ISAE (NZ) 3000: *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and the terms of reference for this engagement as agreed with SKYCITY on 4 May 2018.

Summary of review procedures performed

A review consists of making enquiries, primarily of persons responsible for preparing the CSR performance data and related information, and applying analytical and other review procedures.

Our procedures included, but were not limited to:

- Conducting interviews with personnel to understand the business and reporting process
- Conducting interviews with key personnel to understand the process for collecting, collating, and reporting the CSR performance data during the reporting period
- Undertaking analytical review procedures to support the reasonableness of the data
- Identifying and testing assumptions supporting the calculations
- Testing, on a sample basis, underlying source information to check the accuracy of the data
- Performing recalculations of performance data metrics to confirm quantities stated were replicable
- Reviewing the appropriateness of presentation of disclosures

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Limited Assurance

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

Use of our Assurance Statement

We disclaim any assumption of responsibility for any reliance on this assurance report to any persons other than management and the Directors of SKYCITY or for any purpose other than that for which it was prepared.
You may not disclose this assurance report externally without our prior written consent.

Ernst & Young Limited

Graeme Bennett
Partner – EY Assurance
Auckland
11 September 2018

A member firm of Ernst & Young Global Limited

Robert Alvarez and Maluatai Ale from the SKYCITY Auckland Property Services Team

Corporate Governance Statement & Other Disclosures

For the year ended 30 June 2018

SKYCITY Entertainment Group Limited is committed to maintaining the highest standards of corporate behaviour and responsibility and has adopted governance policies and procedures reflecting this.

In establishing its governance policies and procedures, the SKYCITY Board has adopted eleven governance parameters as the cornerstone principles of its corporate governance charter as set out in the company's Board Charter (available in the Governance section of the company's website at www.skycityentertainmentgroup.com).

As a New Zealand company listed on the Australian and New Zealand stock exchanges, these cornerstone principles, detailed below and on the following pages, reflect the Listing Rules and Corporate Governance Code of NZX Limited (NZX), the Listing Rules of ASX Limited (ASX), the Corporate Governance Principles and Recommendations (Third Edition) of the ASX Corporate Governance Council, and the New Zealand Financial Markets Authority's Corporate Governance Principles and Guidelines.

SKYCITY is listed as a 'Foreign Exempt Listing' on the ASX. The ASX Foreign Exempt Listing category is based on a principle of substituted compliance recognising that, for secondary listings, the primary regulatory role and oversight rest with the home exchange and the supervisory regulator in that jurisdiction. As a company with ASX Foreign Exempt Listing status, SKYCITY is not required to comply with ASX Listing Rule 4.10, which requires entities to include certain prescribed information in their annual reports, or the Corporate Governance Principles and Recommendations (Third Edition) of the ASX Corporate Governance Council. Notwithstanding, SKYCITY has included all the information required under ASX Listing Rule 4.10 in this annual report and followed a majority of the recommendations set by the ASX Corporate Governance Council, in addition to all the corporate governance principles set out in the NZX's Corporate Governance Code, during the financial year ended 30 June 2018. In addition, as mentioned above, the cornerstone principles set out in SKYCITY's Board Charter (available in the Governance section of the company's website at www.skycityentertainmentgroup.com) continue to reflect the principles in the Corporate Governance Principles and Recommendations (Third Edition) of the ASX Corporate Governance Council.

1. ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

SKYCITY's procedures are designed to:

- enable the Board to provide strategic guidance for the company and effective oversight of management;
- clarify the respective roles and responsibilities of Board members and senior executives in order to facilitate Board and management accountability to both the company and its shareholders; and
- ensure a balance of authority so that no single individual has unfettered powers.

The Board Charter details the Board's role and responsibilities. The Board establishes the company's objectives, the major strategies for achieving those objectives and the overall policy framework within which the business of the company is conducted, and monitors management's performance with respect to these matters.

The Board is also responsible for ensuring that the company's assets are maintained under effective stewardship, that decision-making authorities within the organisation are clearly defined, that the letter and intent of all applicable company and casino laws and regulations are complied with, and that the company is well managed for the benefit of its shareholders and other stakeholders.

Specific responsibilities of the Board include:

- oversight of the company, including its control and accountability procedures and systems;
- appointment, performance, and removal of the Chief Executive Officer;
- confirmation of the appointment and removal of the senior executive group (being the direct reports to the Chief Executive Officer);
- setting the remuneration of the Chief Executive Officer and approval of the remuneration of the senior executive group;
- approval of the corporate strategy and objectives and oversight of the adequacy of the company's resources required to achieve the strategic objectives;
- approval of, and monitoring of actual results against, the annual business plan and budget (including the capital expenditure plan);
- review and ratification of the company's systems of risk management and internal compliance and control, codes of conduct and legal compliance; and
- approval and monitoring of the progress of capital expenditures, capital management initiatives, acquisitions and divestments.

The Board has responsibility for the affairs and activities of the company, which in practice is achieved through delegation to the Chief Executive Officer and others (including SKYCITY appointed directors on subsidiary company boards) who are charged with the day-to-day leadership and management of the company. The Board maintains a formal set of delegated authorities that details the extent to which employees can commit the company. These delegated authorities are approved by the Board and are subject to annual review by the Board.

The Chief Executive Officer also has the responsibility to manage and oversee the interfaces between the company and the public and to act as the principal representative of the company.

Each director and senior executive has a written agreement with the company setting out their terms of appointment and responsibilities.

2. STRUCTURE THE BOARD TO ADD VALUE

Board effectiveness requires the efficient discharge of the duties imposed on the directors by law and the addition of value to the company.

To achieve this, the SKYCITY Board is structured to:

- have a sound understanding of, and competence to deal with, the current and emerging issues of the business;
- effectively review and challenge the performance of management and exercise independent judgement; and
- assist in the selection of candidates to stand for election by shareholders at annual meetings.

Board Composition and Skills Matrix

As at 30 June 2018, the Board comprised seven non-executive directors. Biographical details of individual directors are set out on pages 18 and 19 of this annual report.

The Board ensures that it is of an effective composition and size to adequately discharge its responsibilities and duties and to add value to the company's decision-making.

In order to meet these requirements, the Board membership comprises a range of skills and experience to ensure that it has a proper understanding of and competence to deal with the current and emerging issues of the business, to effectively review and challenge the performance of management, and to exercise independent judgement.

The areas of expertise and experience determined by the Board as being the key competencies required to meet these objectives were most recently agreed by the Board in May 2018 and include:

- gaming industry experience and understanding;
- understanding of Asia and Asian consumers;
- local market knowledge of Auckland;
- local market knowledge of Adelaide;
- local market knowledge of Darwin;
- government relations;
- public relations and communications;
- investment banking;
- property and real estate acumen;
- hospitality industry experience and understanding;
- legal;
- finance and accounting;
- mathematical fluency;
- human resources;
- occupational health and safety;
- marketing;
- digital capability and exposure;
- corporate social responsibility; and
- millennial understanding.

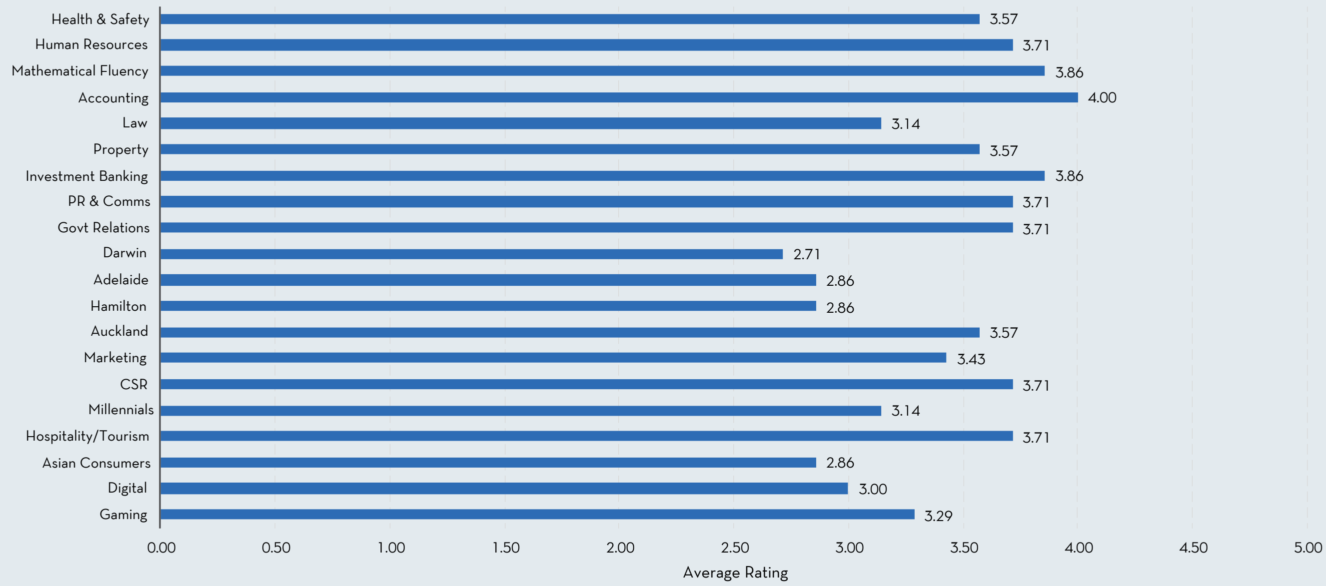
In June 2018, Board members completed a self-assessment survey to identify the Board's overall competency in relation to the above areas of expertise and experience. The results of the survey are set out in the table below – where 1 indicates low competency and 5 indicates high competency. Details of individual expertise and experience of the directors are set out on pages 18 and 19 of this annual report.

Appointment

The Board has established the Governance and Nominations Committee to:

- identify and recommend to the Board suitable persons for nomination as members of the Board and its committees (taking into account such factors as experience, qualifications, judgement, and the ability to work with other directors);

DIRECTOR COMPETENCIES



- annually review the overall composition and structure of the Board and its committee memberships and, if appropriate, the removal of a director from the Board and/or its committees;
- monitor the succession and rotation of Board and committee members;
- monitor the outside directorships and other business interests of directors with a view to ensuring independence/no conflicts of interest, and director capability and time availability to effectively undertake the requirements of their SKYCITY Board and committee positions;
- monitor related parties, conflicts of interest, and independence issues;
- ensure that potential candidates understand the role of the Board and the time commitment involved when acting as a member of the Board;
- oversee the evaluation of the Board; and
- review the Board's succession planning.

External consultants are engaged to access a wide base of potential candidates and to review the suitability of candidates for appointment.

The procedures for the appointment and removal of directors are prescribed in the company's constitution, which, amongst other things, requires all potential directors to have satisfied the extensive probity requirements of each jurisdiction in which the company holds gaming licences.

Subject to satisfaction of the probity requirements, the Board may appoint directors to fill casual vacancies that occur or to add persons to the Board up to the maximum number (currently 10) prescribed by the constitution. If the Board appoints a new director during the year, that person will stand for election by shareholders at the next annual meeting. Shareholders are provided with relevant information on any candidate standing for election in the company's notice of meeting.

Directors are appointed under the company's Terms of Appointment and Reference for Directors and Board Charter (both available in the Governance section of the company's website at www.skycityentertainmentgroup.com) for a term of three years and subject to re-election by shareholders in accordance with the rotation requirements of NZX and ASX and as prescribed in the company's constitution.

Director Independence

The Board Charter and the company's constitution require that the Board contains a majority of its number who are independent directors.

SKYCITY also supports the separation of the role of Board chairperson from the Chief Executive Officer position. The Board Charter requires the Board chairperson and (where appointed) deputy chairperson to be independent directors and prohibits the company's Chief Executive Officer from filling either of these roles.

Directors are required to ensure all relationships and appointments bearing on their independence are disclosed to the Governance and Nominations Committee on a timely basis. In determining the independence of directors, the Board has adopted the definition of independence set out in the NZX Main Board Listing Rules and has taken into account the independence guidelines as recommended in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (Third Edition) (ASX Independence Guidelines).

At its June 2018 meeting, the Board reviewed the status of each director in accordance with the definition of independence set out in the NZX Main Board Listing Rules and taking into account the ASX Independence Guidelines and determined that all current non-executive directors were independent at the balance date.

Access to Information and Advice

New directors participate in an individual induction programme, tailored to meet their particular information requirements.

Directors receive regular reports and comprehensive information on the company's operations before each Board and committee meeting and have unrestricted access to any other information they require. Senior management is also available at and outside each meeting to address queries.

Directors are expected to maintain an up-to-date knowledge of the company's business operations and of the industry sectors within which the company operates. Directors are provided with updates on industry developments and undertake training and regular visits to the company's key operations. The Board also undertakes periodic educational trips to observe and receive briefings from other companies in the gaming and entertainment industries.

Directors are entitled to obtain independent professional advice (at the expense of the company) on any matter relating to their responsibilities as a director or with respect to any aspect of the company's affairs, provided they have previously notified the Board chairperson of their intention to do so.

Indemnities and Insurance

The company provides a deed of indemnity in favour of each director and member of senior management and provides professional indemnity insurance cover for directors and executives acting in good faith in the conduct of the company's affairs.

Board Committees

The Board has four formally appointed standing committees – the Audit and Risk Committee, Governance and Nominations Committee, Remuneration and Human Resources Committee and Corporate Social Responsibility Committee.

The members of each of these committees are non-executive directors and the non-executive directors of the Board appoint the chairperson of each committee.

The current members and chairperson of each of these committees, and their respective qualifications and experience, are set out on pages 18 and 19 of this annual report and in the People section of the company's website at www.skycityentertainmentgroup.com.

Each of these committees operates under a formal charter document as agreed by the Board. Each charter sets out the role and responsibilities of the relevant committee and is available in the Governance section of the company's website at www.skycityentertainmentgroup.com. Each committee charter and the performance of each committee are subject to formal review by the Board on an annual basis.

Meeting Attendance

The following table shows attendances at Board and committee meetings by directors during the financial year ended 30 June 2018, during which seven Board meetings were scheduled:

	APPOINTMENT TO OFFICE	BOARD SCHEDULED	BOARD UNSCHEDULED	BOARD TOTAL	AUDIT AND RISK(1)	REMUNERATION AND HUMAN RESOURCES	GOVERNANCE AND NOMINATIONS	CORPORATE SOCIAL RESPONSIBILITY
NUMBER OF MEETINGS HELD		7	3	10	5	8	1	3
Rob Campbell	25 June 2017	7	3	10	5	8	1	3
Bruce Carter	12 October 2010	7	3	10	4	1	1	–
Brent Harman	18 December 2008	7	3	10	–	8	1	–
Sue Suckling	9 May 2011	7	2	9	2	3	1	3
Richard Didsbury	20 July 2012	7	3	10	–	1	1	3
Jennifer Owen	5 December 2016	7	3	10	5	1	1	–
Murray Jordan	5 December 2016	7	2	9	–	8	1	–
Chris Moller(2)	18 December 2008	3	2	5	3	4	1	1

(1) The Audit and Financial Risk Committee was renamed the Audit and Risk Committee on 8 February 2018.
(2) Chris Moller retired as a director effective 31 December 2017.

3. INTEGRITY, ETHICAL BEHAVIOUR AND DIVERSITY

For SKYCITY, it is important to be a good corporate citizen, whilst operating a sustainable and successful business model. SKYCITY expects its Board, management and employees to act in accordance with the company's values, policies and legal obligations and actively promotes ethical and responsible behaviour and decision-making by:

- clarifying and promoting observance of its guiding values; and
- clarifying the standards of ethical behaviour required of company directors and key executives (that is, officers and employees who have the opportunity to materially influence the integrity, strategy and operations of the business and its financial performance) and encouraging the observance of those standards.

Training and information on the company's values, policies and legal obligations are provided to all employees on induction and continually throughout their time at SKYCITY.

Corporate Social Responsibility

To help the company define its responsibilities and the effectiveness of its activities, SKYCITY maintains operational supervision of its Corporate Social Responsibility (CSR) activities through management as well as governance-level oversight through the Board's Corporate Social Responsibility Committee. This Committee directs all the company's commitment to care activities and is responsible for developing and maintaining SKYCITY's CSR policies.

The Corporate Social Responsibility Committee focusses on the five pillars of the company's CSR strategy, which are described in further detail on pages 31 to 55 of this annual report together with details of SKYCITY's CSR activities.

Code of Business Practice

The Corporate Social Responsibility Committee is responsible for monitoring the organisational integrity of business operations to ensure the maintenance of a high standard of ethical behaviour. This includes ensuring that SKYCITY operates in compliance with its Code of Business Practice (available in the Governance section of the company's website at www.skycityentertainmentgroup.com), which sets out the guiding principles of its relationships with stakeholder groups such as regulators, shareholders, suppliers, customers, community groups and employees.

Compliance with the Code of Business Practice is monitored through education and notification by individuals who become aware of any breach. In addition, all senior managers are required annually to provide a confirmation to the company that to the best of their knowledge all business matters undertaken within their areas of responsibility have been conducted in accordance with the Code of Business Practice.

Trading in Securities

The company maintains a Securities Trading Policy (available on the company's website at www.skycityentertainmentgroup.com) for directors and employees that sets out guidelines in respect of trading in, or giving recommendations concerning, the company's securities, including derivatives of such listed securities.

Details of any securities trading by directors or executives who are subject to the company's Securities Trading Policy are notified to the Board. In addition, directors and officers of the company must comply with the disclosure obligations under subpart 6 of the New Zealand Financial Markets Conduct Act 2013 and the NZX Main Board Listing Rules and formally disclose their SKYCITY shareholdings and other securities holdings to the NZX and, consequently, ASX within prescribed timeframes.

Conflicts of Interest

SKYCITY expects its directors and employees to avoid conflicts of interest in their decisions and to avoid any direct or indirect interest, investment, association, or relationship which is likely to, or appears to, interfere with the exercise of their independent judgement.

Where conflicts of interest may arise (or where potential conflicts of interest may arise), directors must formally advise the company or, in the case of an employee, their manager about any matter relating to that conflict (or potential conflict) of interest.

Gaming Prohibition

Directors and employees are not permitted to participate in any gaming or wagering activity at SKYCITY operated properties.

Diversity and Inclusion

Each year, SKYCITY's Board sets measurable objectives to promote diversity and inclusion. At the end of each financial year, these objectives are reviewed along with the company's progress in achieving them. SKYCITY performed well against the measurable objectives set by the Board for the year ended 30 June 2018 (as reported in the company's 2017 annual report) as follows:

OBJECTIVE	PROGRESS MADE
Continue to strive to ensure strong female candidates are identified in the recruitment process for all Board and senior executive roles	Recruitment briefs for the Board recruitment process during the past financial year explicitly specified that SKYCITY required female candidates to be identified wherever possible. Recruitment briefs for senior leadership recruitment process explicitly specified that SKYCITY require female candidates to be identified wherever possible. In the past financial year, two female senior executive appointments have been made to the positions of Chief Marketing Officer and General Counsel and Company Secretary, each reporting to the Chief Executive Officer.
Continue to review gender pay equality and deliver an organisation-wide programme that removes any risk of bias or inequality	SKYCITY continues to monitor and report on remuneration outcomes by gender to ensure pay equality. The annual salary review resulted in an average increase for female salaried employees of 2.22% and an average increase for male salaried employees of 2.19%. SKYCITY also conducted analysis of remuneration across the managerial hierarchy and vertically through a function within the organisation. The analysis identified that there are no indications of gender bias operating across like positions. While our analysis has identified no evidence of a gender driven pay gap across like positions, we remain focussed on increasing the representation of women in senior roles across the business through a gender balanced talent pipeline.
Maintain Rainbow Tick certification for our New Zealand sites and membership of Pride in Diversity in Australia to reiterate our commitment to our lesbian, gay, bi-sexual, transgender, takatapui and intersex employees	Rainbow Tick certification was achieved for each of our Auckland, Hamilton and Queenstown sites. Our Adelaide and Darwin sites have maintained Pride in Diversity membership and collaborated to develop a training programme on LGBTI inclusion to be delivered to the Senior Leadership Team during the 2019 financial year.
Monitor the participation of under-represented groups in our leadership training and talent programmes	During the past financial year, 193 staff attended one or more of the internal leadership development modules - 45% of whom were female and 55% of whom were male. In addition, 48% of participants in the internal talent management programme were female. SKYCITY continues to achieve strong Asian, Māori and Pasifika representation in its internal leadership development modules with 50% of participants in the emerging leaders programme identifying as Asian and 17% identifying as either Māori or Pasifika. Of the participants in SKYCITY's middle management leadership development programme, 37% identified as Asian and 13% identified as either Māori or Pasifika.

OBJECTIVE	PROGRESS MADE
Deliver talent and development programmes that assist under-represented groups to maximise their potential	Several programmes were delivered during the past financial year which supported staff from underrepresented groups to thrive and develop their potential at SKYCITY: • the 'Winning Women' professional development series was launched in March 2018; • one senior woman participated in the Global Women Breakthrough Leadership Programme and five women participated in the Activate Leadership programme; • in partnership with Indigenous Growth Limited, SKYCITY launched Tahuna te Ahi, its Māori leadership programme; • three Pasifika employees commenced in the Niu Pasifika leadership programme; and • SKYCITY continued its sponsorship of the New Zealand Asian Leaders Forum. SKYCITY also continued to offer its Work Choices planned retirement programme which provided support to three employees who transitioned into retirement in 2018.
Establish a diversity council structure and encourage the formation of a range of diverse communities who may identify areas of opportunity or need and develop appropriate solutions to support such communities	The framework and supporting structure for a Diversity and Inclusion Council was developed during the past financial year. Several employee resource groups have been established, including SKYCITY Pride, Tahuna te Ahi, Women in Technology and Winning Women.
Undertake a programme of cultural intelligence assessment and training for senior executives and senior managers and provide unconscious bias training for directors and senior executives	The SKYCITY Board and members of the Senior Leadership Team participated in unconscious bias training during the past financial year. The Senior Leadership Team and other senior managers also participated in Rainbow Tick training. SKYCITY participated in the Deloitte Inclusion Survey which was conducted in partnership with Global Women.
Deliver a programme which educates employees and management in supporting mental health awareness	Workshops were delivered to coincide with Mental Health Awareness Week, which have assisted in encouraging conversation about issues associated with mental health.

Gender Breakdown

The gender composition of the company's directors, officers, senior executives and total workforce as at 30 June 2018 and 30 June 2017 was as follows:

2018	FEMALE NUMBER	FEMALE %	MALE NUMBER	MALE %	TOTAL
Directors	2	29%	5	71%	7
Officers	3	43%	4	57%	7
Senior Executives	4	40%	6	60%	10
Total Workforce	2,737	48%	2,950	52%	5,691

2017	FEMALE NUMBER	FEMALE %	MALE NUMBER	MALE %	TOTAL
Directors	2	25%	6	75%	8
Officers	2	33%	4	67%	6
Senior Executives	3	30%	7	70%	10
Total Workforce	2,730	48%	2,956	52%	5,686

In the above tables:

- 'officers' are the Chief Executive Officer and those directly reporting to the Chief Executive Officer, other than the Executive Assistant;
- 'senior executives' are those directly reporting to the Chief Executive Officer, other than the Executive Assistant, and those who are a site General Manager; and
- the 'total workforce' number does not specify those who identify as gender diverse.

4. SAFEGUARD THE INTEGRITY OF THE COMPANY'S FINANCIAL REPORTING

The Board is responsible for ensuring that effective policies and procedures are in place to provide confidence in the integrity of the company's financial reporting.

The Audit and Risk Committee has responsibility for oversight of the quality, reliability, and accuracy of the company's internal and external financial statements, the quality of the company's external result presentations, its internal control environment and risk management programmes, and for its relationships with its internal and external auditors.

The Audit and Risk Committee and the Board undertake sufficient inquiry of the company's management and the company's internal and external auditors in order to enable them to be satisfied as to the validity and accuracy of the company's financial reporting. The Chief Executive Officer and the Chief Financial Officer are required to confirm in writing that the annual and interim financial statements present a true and fair view of the company's financial condition and results of operations, and comply with relevant accounting standards.

The Audit and Risk Committee oversees the independence of the company's internal and external auditors and monitors the scope and quantum of work undertaken and fees paid to the auditors for non-audit services. The Committee has adopted an External Audit Independence Policy that sets out the framework for assessing and maintaining audit independence.

The Committee has formally reviewed the independence status of PricewaterhouseCoopers and is satisfied that its objectivity and independence is not compromised as a consequence of non-audit work undertaken for the company.

PricewaterhouseCoopers has confirmed to the Committee that it is not aware of any matters that could affect its independence in performing its duties as auditor of the company.

Fees paid to PricewaterhouseCoopers during the financial year ended 30 June 2018 are set out in note 5 to the financial statements. Fees for audit and tax compliance work for the financial year ended 30 June 2018 represent 59% of total PricewaterhouseCoopers fees.

5. TIMELY AND BALANCED DISCLOSURE

The Board is committed to ensuring timely and balanced disclosure of all material matters concerning the company to ensure compliance with the letter and intent of the NZX and ASX Listing Rules such that:

- all investors have equal and timely access to material information concerning the company, including its financial situation, performance, ownership and governance; and
- company announcements are factual and comprehensive.

SKYCITY believes high standards of reporting and disclosure are essential for proper accountability between SKYCITY and its investors, employees and stakeholders.

The company is committed to promoting investor confidence by providing timely and balanced disclosure of all material matters relating to SKYCITY and its subsidiaries (SKYCITY Group). The company maintains a Market Disclosure Policy (available in the Governance section of the company's website at www.skycityentertainmentgroup.com) for directors and employees that sets out guidelines in respect of the company's continuous disclosure obligations. The Policy is designed to ensure that SKYCITY:

- satisfies the requirements of the New Zealand Financial Markets Conduct Act 2013, Australian Corporations Act 2001, NZX Main Board Listing Rules and ASX Listing Rules;
- meets its disclosure obligations in a way that allows all interested parties equal opportunity to access information;
- meets stakeholders' expectations for equal, timely, balanced and meaningful disclosure; and
- provides guidance on the processes to ensure compliance.

The company is also committed to presenting its financial and key operational performance results in a clear, effective, balanced and timely manner to the stock exchanges on which the company's securities are listed, and to its shareholders, analysts and other market commentators, and ensures that such information is available on the company's website.

Jo Wong, General Counsel, is Company Secretary and the Disclosure Officer for SKYCITY Entertainment Group Limited and is responsible for bringing to the attention of the Board any matter relevant to the company's disclosure obligations. The Company Secretary is also accountable directly to the Board, through the chairperson of the Board, on all matters to do with the proper functioning of the Board.

6. RESPECT AND FACILITATE THE RIGHTS OF SHAREHOLDERS

The company's shareholder communications strategy is designed to facilitate the effective exercise of shareholder rights by:

- communicating effectively with shareholders;
- providing shareholders with ready access to balanced and understandable information about the company and corporate proposals; and
- facilitating participation by shareholders in general meetings of the company.

The company achieves this by:

- ensuring that information about the company (including its corporate governance framework, media releases, current and past annual reports, dividend histories and notices of meeting) is available to all shareholders in the Investor Centre section of the company's website at www.skycityentertainmentgroup.com;
- posting stock exchange announcements in the Investor Centre section of the company's website promptly after they have been disclosed to the market;

- giving shareholders the option to receive communications from, and send communications to, the company and its security registry, Computershare, electronically;
- engaging in a programme of regular interactions with institutional investors, shareholder associations and proxy advisers;
- promoting two-way interaction with shareholders, by encouraging shareholders to attend general meetings of the company and making appropriate time available at such meetings for shareholders to ask questions of directors and management. Each year, in the company's notice of meeting, shareholders are invited to submit questions to the company prior to the annual meeting to enable the company to aggregate the main themes of the questions asked and respond to them at the annual meeting. Representatives of the company's external auditors are also invited to attend the company's annual meeting to answer any shareholder questions concerning their audit and external audit report; and
- ensuring that continuous disclosure obligations are understood and complied with throughout the SKYCITY Group.

7. RECOGNISE AND MANAGE RISK

The company maintains a risk management framework for the identification, assessment, monitoring and management of risk to the company's business.

SKYCITY maintains an independent, centrally-managed Group Risk function which evaluates and reports on risks and controls across the Group. Management is required to report to the Audit and Risk Committee and Board on the effectiveness of the company's management of its material business risks at least annually.

The Audit and Risk Committee approves the assurance plan, with results and performance of the organisation's risk and controls regularly reviewed by both the Committee and the external auditors. The Chief Executive Officer and the Chief Financial Officer are required to confirm in writing to the Audit and Risk Committee at least annually that the statement in respect of the integrity of the company's financial statements referred to above is founded on a sound system of risk management and internal control which aligns to the policies of the Board, and that the company's risk management and internal control systems are operating efficiently and effectively in all material respects. The most recent confirmations were provided by the Chief Executive Officer and Chief Financial Officer in August 2018.

The company maintains business continuity, material damage and liability insurance cover to ensure that the earnings of the business are well protected from adverse circumstances.

SKYCITY's ability to create and preserve value for its shareholders requires the successful execution of its business strategy. Risks influencing its ability to do this, including SKYCITY's material exposure to economic, environmental and social sustainability risks, if any, and how it manages or intends to manage those risks, are outlined on pages 11 to 13 of this annual report.

8. PERFORMANCE EVALUATION

Evaluation of the Board and its Committees

The Board and committee charters require an evaluation of the Board and its committees' performance on an annual basis. The Governance and Nominations Committee determines and oversees the process for evaluation, which includes assessment of the role and responsibilities, performance, composition, structure, training and membership requirements of the Board and its committees.

A self-evaluation questionnaire was completed by each of the directors and select management in December 2017 for the purpose of evaluating the Board's performance. The findings of the review were discussed at the Board's February 2018 meeting.

Evaluation of Senior Management

The Board undertakes the performance review of the Chief Executive Officer and reviews the performance outcomes of those reporting directly to that position in accordance with the company's performance review procedures. In the case of the Chief Executive Officer, the review generally involves a formal response/feedback process at both the half year and full year. In the case of each senior executive, the review involves a formal response/feedback process between the Chief Executive Officer and each senior executive.

9. REMUNERATE FAIRLY AND RESPONSIBLY

Remuneration Governance

The Remuneration and Human Resources Committee is the main governing body for setting remuneration policy across the SKYCITY Group and develops the remuneration framework and policies for Board approval.

The responsibilities of the Remuneration and Human Resources Committee are outlined in the Remuneration and Human Resources Committee Charter (available in the Governance section of the company's website at www.skycityentertainmentgroup.com), which is reviewed annually by the Board.

The Remuneration and Human Resources Committee oversees the management of the human resources activities of the company, the senior management structure, senior executive performance, remuneration and incentive plans, and succession planning. It also seeks to assist the Board to ensure that the company's remuneration policies and practices reward fairly and responsibly with a clear link to the company's strategic objectives and corporate and individual performance. The Remuneration and Human Resources Committee is also responsible for annually reviewing non-executive director fees.

The Board-approved Remuneration and Human Resources Policy Statement (available in the Governance section of the company's website at www.skycityentertainmentgroup.com) recognises that to achieve its business objectives SKYCITY needs high quality, committed people. The aim of the Policy is, therefore, to attract, retain and motivate high-calibre executives capable of achieving the objectives of the company and encourage superior performance and creation of shareholder value.

The guiding principles that underpin SKYCITY's remuneration policies are to:

- be market competitive at all levels to ensure the company can attract and retain the best available talent;
- be performance-oriented so that remuneration practices recognise and reward high levels of performance and to avoid an entitlement culture;
- provide a significant at-risk component of total remuneration which drives performance to achieve company goals and strategy;
- manage remuneration within levels of cost efficiency and affordability; and
- align remuneration for senior managers with the interests of shareholders.

A range of market data and specific benchmarking reports are used to ensure market relativity of senior executive positions, including research and reports from independent remuneration consultants. Each year, the Remuneration and Human Resources Committee reviews changes in remuneration laws and practices and market trends to ensure the company's practices are appropriately aligned.

During the financial year ended 30 June 2018, there were two material changes to SKYCITY's remuneration policies:

- the Policy on Non-Executive Director Remuneration was amended to allow the company to seek shareholder approval for increases to the total non-executive director fee pool on an annual basis. In previous years, the company has sought shareholder approval for increases to the non-executive director fee pool on an ad-hoc basis. However, going forward, the company intends to seek shareholder approval for increases to the fee pool on an annual basis to more closely align non-executive director remuneration with market movements, with the intention of benchmarking SKYCITY's non-executive director remuneration against a comprehensive comparator group every three years to ensure market competitiveness to attract and retain qualified, highly capable directors; and
- a transitional short term incentive plan was implemented in respect of the financial year ended 30 June 2018 for employees holding group executive and senior management positions in substitution of previous short term incentive cash arrangements to better align those employees' interests with the short term performance goals of the company and the interests of shareholders, as well as provide them with the opportunity to share in the success of the company. Further details of the transitional short term incentive plan are outlined on pages 70, 71 and 75 of this annual report.

SKYCITY's remuneration strategy and policies are based on a "pay for performance" philosophy. The Board has reviewed the structure of SKYCITY's incentive schemes for the financial year ending 30 June 2019 to ensure they are competitive and effective to enable the company to attract and retain the leadership and talent required to drive business strategy and financial performance in the interests of shareholders. Any subsequent change to the company's remuneration strategy and/or policies will continue to reflect SKYCITY's "pay for performance" philosophy and drive shareholder value.

REMUNERATION OF SKYCITY NON-EXECUTIVE DIRECTORS AND GROUP EXECUTIVES

This section details the company's approach to remuneration frameworks, outcomes and performance for the following non-executive directors and group executives for the financial year ended 30 June 2018:

NAME	POSITION	TERM
Non-Executive Directors		
Rob Campbell	Chairman	Part Year
	Director	Full Year
Bruce Carter	Deputy Chairman	Full Year
Richard Didsbury	Director	Full Year
Brent Harman	Director	Full Year
Sue Suckling	Director	Full Year
Jennifer Owen	Director	Full Year
Murray Jordan	Director	Full Year
Former Non-Executive Director		
Chris Moller	Chairman	Part Year
Group Executives		
Graeme Stephens	Chief Executive Officer	Full Year
Michael Ahearne	Chief Operating Officer	Part Year
Rob Hamilton	Chief Financial Officer	Full Year
Claire Walker	General Manager Human Resources	Full Year
Liza McNally	Chief Marketing Officer	Part Year
Simon Jamieson	General Manager NZICC	Full Year
Glen McLatchie	Chief Information Officer	Full Year
Jo Wong	General Counsel and Company Secretary	Full Year
Former Group Executives		
John Mortensen	Group Chief Operating Officer	Part Year
Sonya Crosby	Chief Innovation Officer	Part Year
Peter Treacy	Group General Manager Corporate Services and Chief Risk Officer	Part Year

The following key changes to the Board and group executive team occurred during the financial year ended 30 June 2018:

Non-Executives Directors	
Chris Moller	Retired as Board Chairman and a director effective from 1 January 2018
Rob Campbell	Appointed as Chairman effective from 1 January 2018
Group Executives	
Michael Ahearne	Appointed as Chief Operating Officer effective from 11 December 2017
John Mortensen	Resigned as Group Chief Operating Officer effective from 1 January 2018
Sonya Crosby	Resigned as Chief Innovation Officer effective from 6 January 2018
Simon Jamieson	Appointed as a direct report to the Chief Executive Officer and assumed responsibility for the company's health and safety function effective from 17 January 2018
Jo Wong	Appointed as a direct report to the Chief Executive Officer and assumed responsibility for the company's regulatory affairs and anti-money laundering functions effective from 19 January 2018
Liza McNally	Appointed as Chief Marketing Officer effective from 22 January 2018
Peter Treacy	Resigned as Group General Manager Corporate Affairs and Chief Risk Officer effective from 20 April 2018

Non-Executive Directors

Shareholders at the annual meeting determine the total remuneration available to the company's non-executive directors. At the 2014 annual meeting, shareholders approved, effective from 1 July 2014, a total remuneration amount for non-executive directors of $1,365,000 per annum (plus GST, if any).

The following table outlines the non-executive directors' fees (exclusive of GST, if any) for the Board and its committees as at 30 June 2018:

	POSITION	FEES (PER FINANCIAL YEAR)
Board	Chairperson	$275,000
	Deputy Chairperson	$157,500
	Non-Executive Director	$126,000
Audit and Risk Committee	Chairperson	$35,000
	Member	$15,000
Remuneration and Human Resources Committee	Chairperson	$35,000
	Member	$15,000
Corporate Social Responsibility Committee	Chairperson	$25,000
	Member	$15,000

All non-executive directors are members of the Governance and Nominations Committee and receive no additional fees for this Committee.

The Board Chairman does not receive separate fees for the Board committees that he sits on.

The company's Policy on Non-Executive Director Remuneration (available in the Governance section of the company's website at www.skycityentertainmentgroup.com) sets out a framework for SKYCITY to attract and retain qualified, highly capable directors from a pan-Australasian talent pool for the purpose of driving value and maintaining the highest standards of corporate governance on behalf of shareholders. The Policy is reviewed annually to take account of changing market, industry and economic circumstances as well as developing organisational requirements. The guiding principles that underpin the Policy are that:

- non-executive director remuneration will be regularly benchmarked against external comparator markets to ensure it is broadly in line with that payable in other large publicly-listed companies in Australasia; and
- the incremental accountability and commitment that accompanies specific roles will be recognised in the company's non-executive director remuneration structure.

The Remuneration and Human Resources Committee is responsible for making recommendations to the Board annually on non-executive director remuneration changes. The Board seeks shareholder approval for any proposed increase to the total remuneration pool under the Policy on Non-Executive Director Remuneration.

In accordance with practice, at its May 2018 meeting, the Board reviewed SKYCITY's current total non-executive director remuneration pool and Board and committee fees against a comparator group and available data on board fee movements in both New Zealand and Australia. Given comparable director fees have increased over the last four years since the last shareholder approved increase to the company's total non-executive director remuneration pool in 2014, the Board resolved to seek shareholder approval at the company's upcoming 2018 annual meeting of shareholders on 19 October 2018 for a 5% increase to the total remuneration pool for the financial year ending 30 June 2019 to allow for targeted fee increases to the Chairman, Deputy Chairman, non-executive director and Chair of the Corporate Social Responsibility Committee roles, as well as the appointment of an additional non-executive director – full details of which are set out in the company's 2018 Notice of Meeting.

As part of the Board's review process, Ernst & Young was engaged to benchmark the market positioning of SKYCITY's Board and committee fees and provide recommendations on changes to fees. An executive summary of Ernst & Young's findings is available in the Governance section of the company's website at www.skycityentertainmentgroup.com.

In addition to directors' fees, non-executive directors may also receive remuneration for additional services provided to the company outside of their capacities as directors of the company at the discretion of the Board and subject to the maximum remuneration amount which has been approved by the shareholders of the company.

REMUNERATION OF DIRECTORS

Remuneration paid to, and other benefits received by, non-executive directors for services in their capacity as directors of the company during the financial year ended 30 June 2018 are as listed below:

	BOARD AND COMMITTEE FEES	OTHER
Chris Moller[1]	$137,500.00	
Rob Campbell[2]	$208,000.00	
Bruce Carter	$192,500.00	
Brent Harman[3]	$151,000.00	$4,120.86[5]
Sue Suckling	$151,000.00	$2,060.60[5]
Richard Didsbury	$141,000.00	
Jennifer Owen	$141,000.00	
Murray Jordan[4]	$151,000.00	

The figures shown are gross amounts and exclude GST where applicable.

(1) Chris Moller retired as a director effective 31 December 2017.
(2) Rob Campbell was appointed as Chairman of the Board effective 1 January 2018.
(3) Brent Harman retired as Chairman of the Remuneration and Human Resources Committee effective 31 December 2017.
(4) Murray Jordan was appointed Chairman of the Remuneration and Human Resources Committee effective 1 January 2018.
(5) Being premiums paid to SKYCITY's health insurance provider during the period for the relevant director, who received the benefit of a health insurance plan that SKYCITY offers to all of its employees (either at no cost or at a discounted rate).

In addition to remuneration paid for services in their capacity as directors of the company, SKYCITY:

- meets the expenses incurred by directors in relation to company matters, which are incidental to the performance of their duties, including travel;
- paid a total of $13,200.00 (plus GST) to Richard Didsbury during the financial year ended 30 June 2018 in connection with consultancy services provided by him in relation to the New Zealand International Convention Centre development and Adelaide Casino redevelopment projects, which were provided as additional services outside of his capacity as a director of the company; and
- paid a total of $13,200.00 (plus GST) to Murray Jordan during the financial year ended 30 June 2018 in connection with consultancy services provided by him in relation to the New Zealand International Convention Centre development and Adelaide Casino redevelopment projects, which were provided as additional services outside of his capacity as a director of the company.

Group Executives

Remuneration components are offered in the context of a total remuneration package, measured on a "total cost to the company" basis. The remuneration arrangements for each group executive comprise both fixed and variable remuneration where the fixed portion comprises a base salary, a KiwiSaver/superannuation contribution and a limited number of other benefits and the variable portion comprises both short term incentive at-risk remuneration (STI) and long term incentive at-risk remuneration (LTI). The Board determines appropriate levels of fixed remuneration taking into account recommendations from the Remuneration and Human Resources Committee. The STI component is based on performance against both key financial and non-financial measures and all STI bonuses are at the ultimate discretion of the Board.

In previous years, the company has disclosed remuneration actually paid to group executives during a particular financial year rather than remuneration attributable or payable in relation to that financial year. The disclosures on the following pages of this annual report reflect the total rewards earned by, although not necessarily paid to, group executives for the financial year ended 30 June 2018 as the Board believes this approach more appropriately describes executive pay and performance. Accordingly, the following disclosures include the STI and LTI components earned by group executives in respect of the financial year ended 30 June 2018 notwithstanding that the Board approved STI awards were granted in September 2018.

Fixed Remuneration

The company endeavours to set fixed remuneration at levels that are relative to similar positions in the broader Australasian market and, for "casino-specific" positions, account is taken of salaries within the sector.

To assist the Remuneration and Human Resources Committee in its salary deliberations, PricewaterhouseCoopers is commissioned on a regular basis to survey remuneration against external comparator markets as relevant and appropriate (e.g. industry and geography).

Fixed remuneration is reviewed annually for each group executive and, when appropriate, the Remuneration and Human Resources Committee approves remuneration increases for group executives.

Short Term Incentive Remuneration

In response to the forecast trading conditions which were anticipated in the company's operating budget for the financial year ended 30 June 2018, a transitional STI plan, referred to as the Restricted Share Rights Plan, was implemented for that financial year for employees holding group executive and senior management positions in substitution of previous STI cash arrangements to better align those employees' interests with the short term performance goals of the company and the interests of shareholders, as well as provide them with the opportunity to share in the success of the company.

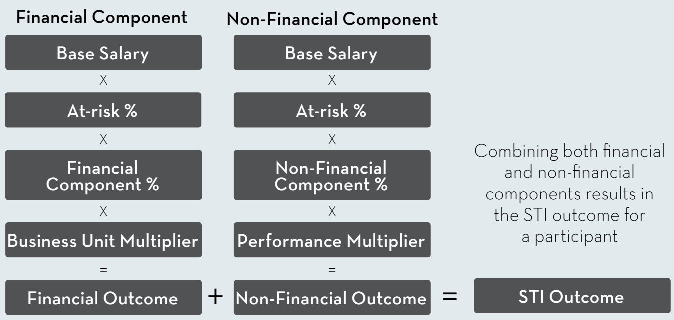
The Restricted Share Rights Plan provides for the offer of restricted share rights to selected employees of the Company, the number of which is calculated based on an employee's achievement against agreed financial and non-financial measures for the financial year ended 30 June 2018. Each restricted share right granted under the Restricted Share Rights Plan is a right to receive one ordinary share in the company, which only vests if the relevant employee remains employed by the company (or a company within the SKYCITY Group) on 1 July 2020, being two years after completion of the company's 2018 financial year.

The following table shows how the STI component was calculated for the group executives for the financial year ended 30 June 2018 under the Restricted Share Rights Plan:

Calculation of STI for Group Executives

70% of each group executive's STI was based on the company's financial performance where eligibility for this component was determined by achievement of the company's budgeted NPAT (normalised net profit after tax) for the financial year ended 30 June 2018 (ie. a gateway hurdle).

The remaining 30% was based on achievement of a small number of non-financial goals that were agreed with each group executive at the commencement of the 2018 financial year. In the case of the Chief Executive Officer, these were aligned to the strategic priorities of the company as determined by the Board to be critical indicators of performance and drivers of shareholder value. The non-financial goals for each other group executive were aligned to those set for the Chief Executive Officer, but included specific personal objectives.



In response to the forecast trading conditions which were anticipated in the company's operating budget for the financial year ended 30 June 2018, the multiplier for both the financial and non-financial components of the STI was also reduced by up to 50% for each group executive. The STI outcome was then multiplied by 150% to compensate each participant for the two-year deferral in vesting of their restricted share rights.

The number of restricted shares rights granted to a group executive under the Restricted Share Rights Plan was then determined by dividing the relevant STI outcome by the volume-weighted average sale price of SKYCITY shares on the NZX Main Board designated as price-setting trades by NZX Limited over the ten-business day period immediately preceding 1 July 2018.

On 11 September 2018, a total of 1,898,564 restricted share rights were issued under the Restricted Share Rights Plan to 104 participants, including the Chief Executive Officer and other group executives.

The transitional STI plan was a catalyst for a broader review of the company's variable remuneration structure for group executives and senior managers and led to the introduction of new performance incentive arrangements for the financial year ending 30 June 2019 as more fully described later in this section.

Long Term Incentive Remuneration

The company operated two LTI plans during the financial year ended 30 June 2018 for the company's most senior executives, including the group executives. Details of the SKYCITY Senior Executive LTI Plan and SKYCITY Executive Cash Award Plan are included on pages 74 and 75 of this annual report.

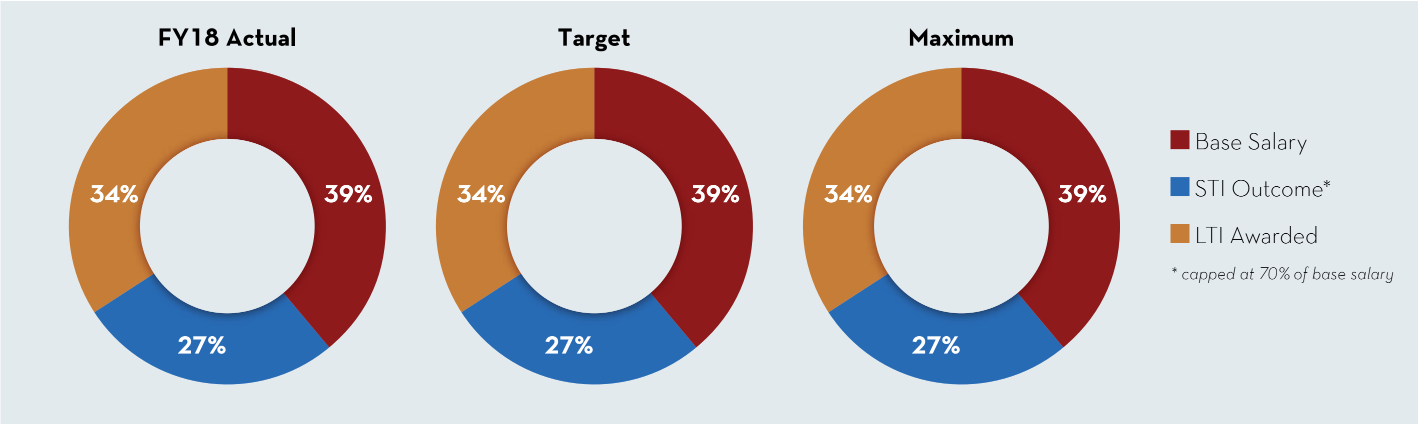
Chief Executive Officer's Remuneration

The total remuneration earned by Mr Stephens for duties relating to the Chief Executive Officer position for the year ended 30 June 2018 was as follows:

FIXED ANNUAL REMUNERATION				PAY FOR PERFORMANCE				
BASE SALARY	KIWISAVER	OTHER BENEFITS	SUB TOTAL	STI OUTCOME	LTI GRANT	SUB TOTAL	NON-RECURRING PAYMENTS	TOTAL REMUNERATION
$1,450,000	$43,500	$5,302	$1,498,802	$1,015,000[1]	$1,250,000[2]	$2,265,000	0	$3,763,802

(1) Calculated on the basis of 251,238 restricted share rights granted to Mr Stephens under the Restricted Share Rights Plan in September 2018.
(2) Calculated on the basis of 320,883 SKYCITY shares allocated to Mr Stephens under the SKYCITY Senior Executive LTI Plan in August 2017.

The graph below shows the mix of remuneration that was earned by Mr Stephens for his performance over the financial year ended 30 June 2018:



Fixed Annual Remuneration

Mr Stephens' fixed annual remuneration consisted of a base salary (delivered in cash), KiwiSaver contributions and health care benefits. His base salary throughout the financial year ended 30 June 2018 was $1,450,000.

In determining Mr Stephens' base salary, the Board refers to external market data, including comparable positions in other listed New Zealand companies and companies within the casino industry.

Pay Gap

Mr Stephens' base salary remuneration ratio to the median annualised employee base salary is 29:1.

STI Outcome

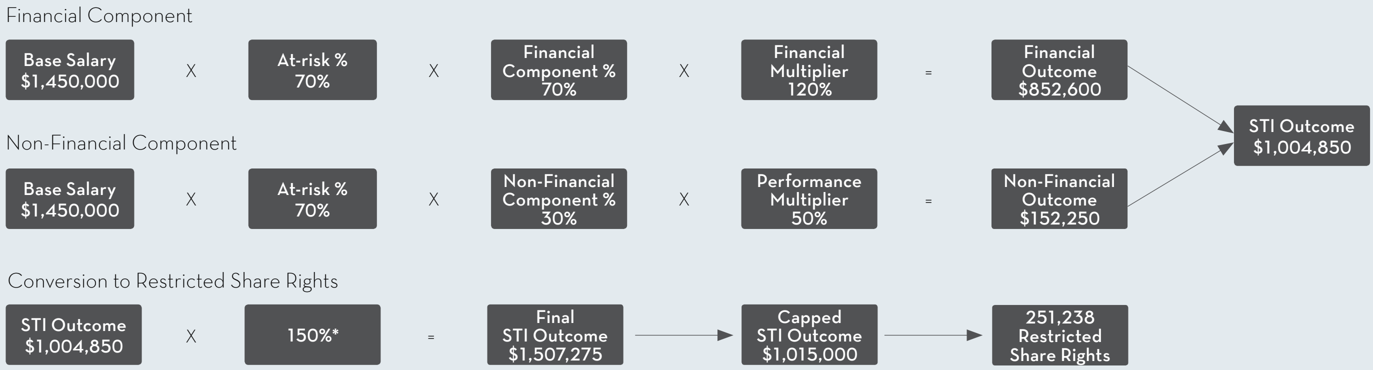
The following table shows how the STI component was calculated for Mr Stephens for the financial year ended 30 June 2018 under the Restricted Share Rights Plan:

Calculation of STI for Chief Executive Officer

Mr Stephens' at-risk STI component for the 2018 financial year was set at 70% of his base salary, contingent on his achievement of specific financial and non-financial goals. Eligibility for his STI component was based on improvement on the previous financial year's normalised Group NPAT (net profit after tax) performance. 70% of Mr Stephens' STI was measured against the company's achievement of normalised Group NPAT and the remaining 30% was based on a small number of agreed key non-financial goals.

The company's FY18 financial performance exceeded the budgeted normalised Group NPAT target and, accordingly, the multiplier that was applied to Mr Stephens' financial component was 120% as per the terms of the Restricted Share Rights Plan. The Board assessed Mr Stephens as having achieved 100% performance against his non-financial goals (which related to certain strategic initiatives, the company's business plan, people, stakeholder relations, health and safety and risk management), however the multiplier applied to Mr Stephens' non-financial/personal component was reduced to 50% as per the terms of the Restricted Share Rights Plan.

Consequently, the STI outcome for Mr Stephens for the year ended 30 June 2018 was $1,015,000 (capped at 70% of his base salary), which resulted in 251,238 restricted shares rights being granted to Mr Stephens in September 2018 under the Restricted Share Rights Plan.



**To compensate for the two-year deferral in vesting of restricted share rights under the Restricted Share Rights Plan.*

LTI Outcome

Mr Stephens received an allocation of 320,883 shares in the company equal to $1,250,000 under the SKYCITY Senior Executive LTI Plan in August 2017. Details of the SKYCITY Senior Executive LTI Plan are included on page 74 of this annual report.

Employment Agreement

Mr Stephens' employment agreement (a copy of which is available on the company's website at www.skycityentertainmentgroup.com) is dated 4 November 2016 and reflects standard conditions that are appropriate for a senior executive of a listed Australasian company. Mr Stephens' employment agreement may be terminated by:

- either Mr Stephens or the company by giving six months' notice in writing;
- the company without notice in the case of serious misconduct, serious breach (including substantial non-performance) or other cause justifying summary dismissal; or
- the company immediately if the SKYCITY Board forms the view that substantial incompatibility and/or irreconcilable differences have developed with Mr Stephens or the Board otherwise wishes to terminate his employment when he is not at fault (including a redundancy situation or medical incapacity).

All entitlements payable to Mr Stephens on termination of his employment are outlined in his employment agreement (a copy of which is available on the company's website at www.skycityentertainmentgroup.com).

Other Group Executives' Remuneration

The following information relates to the remuneration earned by the group executives (both current and former) for the financial year ended 30 June 2018, but excluding the Chief Executive Officer whose remuneration is detailed separately on pages 71 and 72.

The total remuneration earned by the group executives for the financial year ended 30 June 2018 was as follows:

FIXED ANNUAL REMUNERATION				PAY FOR PERFORMANCE				
BASE SALARY	KIWISAVER	OTHER BENEFITS	SUB TOTAL	STI OUTCOME	LTI GRANT	SUB TOTAL	NON-RECURRING PAYMENTS	TOTAL REMUNERATION
$4,385,097	$183,348(1)	$35,664	$4,604,109	$2,002,012(2)	$1,246,560(3)	$3,248,572	$1,471,096(4)	$9,323,778

(1) Includes KiwiSaver payments paid on applicable non-recurring payments.
(2) Includes cash and the value of 457,800 restricted share rights granted to group executives under the Restricted Share Rights Plan in September 2018.
(3) Calculated on the basis of 320,000 SKYCITY shares allocated to group executives under the SKYCITY Senior Executive LTI Plan in August 2017.
(4) Non-recurring payments include payments for retention (for the purpose of ensuring continuity during the period following the resignation of the former Chief Executive Officer and prior to the appointment of Mr Stephens), redundancy and sign on (for the purpose of buying out existing entitlements with a former employer).

Fixed Annual Remuneration

Fixed annual remuneration for each group executive consisted of a base salary (delivered in cash), KiwiSaver contributions and health care benefits.

In determining base salaries for the group executives, the Board refers to external market data, including comparable positions in other listed New Zealand companies and companies within the casino industry.

STI Outcome

Each group executive's at-risk STI component for the 2018 financial year was set at 40% of their base salary, contingent on individual achievement of specific financial and non-financial goals. Eligibility for their STI component was based on improvement on the previous financial year's normalised Group NPAT performance. 70% of each group executive's STI was measured against the company's achievement of normalised Group NPAT and the remaining 30% was based on a small number of agreed key non-financial goals.

The company's FY18 financial performance exceeded the budgeted normalised Group NPAT target and, accordingly, the multiplier that was applied to each group executive's financial component was 120% as per the terms of the Restricted Share Rights Plan. Based on the Board's assessment of the group executives' performance against their non-financial goals (relating to certain strategic initiatives, the company's business plan, people, stakeholder relations, health and safety and risk management), the group executives combined received 75% of their non-financial component.

The combined STI outcome for the group executives for the year ended 30 June 2018 was $2,002,012, which includes a cash payment to a former group executive and the value of the 457,800 restricted shares rights granted to group executives in September 2018 under the Restricted Share Rights Plan.

LTI Outcome

The combined LTI outcome for the group executives for the year ended 30 June 2018 was $1,246,560, which represents the 320,000 SKYCITY shares allocated to the group executives under the SKYCITY Senior Executive LTI Plan in August 2017. Details of the SKYCITY Senior Executive LTI Plan are included on page 74 of this annual report.

REMUNERATION OF SKYCITY EMPLOYEES

All salaried roles within SKYCITY are sized using a recognised methodology to measure the impact, accountability and complexity of each role as it contributes to the organisation. Remuneration data is obtained from several sources to determine remuneration ranges by job band or level to ensure competitiveness at both base salary and total remuneration levels.

Individual remuneration is set within the appropriate range considering such matters as individual performance, scarcity/availability of resource/skill, internal relativities and specific business needs. This process ensures internal equity between roles and allows comparison with the overall market. Remuneration ranges are reviewed annually to reflect market movements.

SKYCITY Senior Executive LTI Plan

Under the SKYCITY Senior Executive LTI Plan introduced in 2009, selected senior executives are provided with financial assistance by way of an interest-free loan by a subsidiary of the company to acquire shares in the company. A trustee holds legal title to the relevant shares on behalf of those senior executives for a restrictive period of at least three years until certain performance hurdles are met. The performance hurdles involve comparison of the total shareholder return (TSR) achieved by SKYCITY against the shareholder returns achieved by a group of comparable Australasian companies (comparator group), and by the companies whose securities are in the NZX 50 index (index group).

For LTI shares issued before and including 2013 to vest in a participant under the SKYCITY Senior Executive LTI Plan, the company must achieve a TSR equal to or greater than the average of the comparator and index groups' median TSRs. The number of shares that will vest depend on where the SKYCITY TSR is relative to the average median TSR (at which point 50% of the shares vest) and the average of the TSRs representing the 75th percentiles of the TSRs achieved by the comparator group and the index group (at which point 100% of the shares vest). In addition, the Board has discretion to determine that up to 25% of the shares will vest if the company's TSR for the relevant period does not exceed the average median TSR but exceeds one or other of the TSRs representing the 50th percentile of TSRs of the members of the comparator group and of the index group.

For LTI shares issued in 2014 and thereafter, 50% of the shares are allocated to a peer comparator group tranche and 50% of the shares are allocated to an index comparator group tranche. The number of shares that will vest depend on where the SKYCITY TSR is relative to the median TSR of each of the peer comparator group and index comparator group separately and the TSRs representing the 75th percentiles of the TSRs achieved by each of the peer comparator group and the index group separately. Each tranche will be tested separately. If SKYCITY's TSR is at the median TSR of a group, 50% of a tranche will vest. If SKYCITY's TSR is at the 75th percentile of a group, 100% of a tranche will vest.

Performance is assessed three years after the issue of the shares and (provided the shares have not lapsed and all performance hurdles have not been satisfied) after a further six and twelve months. Special assessment may occur in the event of a takeover offer, amalgamation or scheme of arrangement involving the company. In the event a takeover offer for the acquisition of SKYCITY's ordinary shares is formally made, or an amalgamation or scheme of arrangement involving SKYCITY's ordinary shares is formally proposed, which will result in a change in control of SKYCITY if it is successful:

- the SKYCITY Board will determine a date (TO Calculation Date) prior to the final date on which holders of SKYCITY's ordinary shares may participate in the takeover offer, amalgamation or scheme of arrangement (as applicable); and
- the TSR achieved by SKYCITY, and the members of the comparator group and the index group will be calculated, and the change in the TSR index will be determined, for the period from the date the shares were issued to the TO Calculation Date,

provided that the SKYCITY Board may determine that the performance calculation referred to above will not occur if it considers participants will have the opportunity to participate in the takeover offer, amalgamation or scheme of arrangement on terms that are fair and reasonable as between participants and holders of other classes of SKYCITY securities or there are no reasonable grounds to believe that the takeover offer, amalgamation or scheme of arrangement will be successful.

Shares which have not previously been vested will lapse to the extent performance hurdles have not been fully satisfied in respect of the period to the fourth anniversary of the issue date.

During the financial year ended 30 June 2018, the following vesting calculations were completed:

- **August 2013 LTI**: The third (and final) test was completed, with no further shares vesting to executives. To date, 25% of shares have vested to executives in respect of the 2013 allocation. All unvested shares were accordingly forfeited in accordance with the terms of the SKYCITY Senior Executive LTI Plan; and
- **August 2014 LTI**: The first and second tests were completed. To date, no shares have vested to executives in respect of the 2014 allocation. The third (and final) test will be completed during September 2018 and any shares that do not vest at that time will be forfeited in accordance with the terms of the SKYCITY Senior Executive LTI Plan.

As at 1 September 2018, a total of 2,245,883 shares were issued under the SKYCITY Senior Executive LTI Plan and held by Public Trust on behalf of 22 participants. The shares vest in a participant only when performance hurdles set by the Board of directors are met.

From time to time as directed by SKYCITY, the Public Trust acquires shares in the company on-market for the purposes of the company's long term incentive employee plans, including the SKYCITY Senior Executive LTI Plan. As at 1 September 2018, the Public Trust held a total of 5,515,841 shares - 2,679,918 of which were allocated and held on behalf of eligible participants and 2,835,923 of which were unallocated and held on behalf of future participants.

SKYCITY Executive Cash Award Plan

In February 2016, the company established the SKYCITY Executive Cash Award Plan in Australia. The objectives of the Plan are to promote the retention of the company's most senior executives in Australia and drive longer term performance and alignment of incentives of participants with the interests of the company's shareholders. Grants made under the Plan support these objectives by conferring on selected senior executives the right to receive a cash amount (based on the market value of shares in SKYCITY) on the achievement of performance hurdles, which mirror the performance hurdles for the SKYCITY Senior Executive LTI Plan.

As at 1 September 2018, there were three participants in the SKYCITY Executive Cash Award Plan.

Other Plans for Salaried Employees

To drive outstanding company and individual performance, during the year under review, SKYCITY operated an STI plan for selected senior salaried employees and those with operational accountability for a department or business unit (Salaried STI Plan). For each individual, 70% of their STI target was linked to the achievement of minimum financial targets with the remaining percentage dependent on the achievement of individual, role-specific non-financial targets. Payments under the Salaried STI Plan had a performance gateway based on company and business unit financial targets and increased according to the degree by which the company performed relative to these financial targets.

As outlined on page 70, the most senior eligible salaried employees received their STI in restricted share rights under the Restricted Share Rights Plan in September 2018. The remaining eligible salaried employees received their STI in cash in August 2018 following completion of the external audit of the company's year-end results.

For the financial year ended 30 June 2018, 452 salaried staff (excluding the Chief Executive Officer and other group executives) participated in the Salaried STI Plan. Based on achievement of individual and financial targets, 398 staff received an average STI outcome of 14% of their fixed salary.

All other permanent salaried employees who were not eligible to participate in the Salaried STI Plan participated in a discretionary bonus plan known as the Individual Bonus Plan. Under the Individual Bonus Plan, bonuses were awarded to those outstanding staff that consistently exceeded the key performance indicators that were set for them at the commencement of the financial year.

In total, in respect of the financial year ended 30 June 2018, 582 SKYCITY salaried personnel (excluding the Chief Executive Officer and other group executives) were paid or granted incentives totalling approximately $9.9 million under the Individual Bonus Plan and Salaried STI Plan.

New Performance Incentive Arrangements for FY19

As part of a review of the company's variable remuneration structure, the Board approved new incentive arrangements during the past financial year for the Chief Executive Officer, other group executives and senior managers for the financial year beginning 1 July 2018. The new incentive arrangements recognise and reward short and longer term performance by providing participants an opportunity to be further aligned with shareholders' interests by earning, subject to the company achieving its financial performance gateway, an incentive award which is delivered in cash and deferred equity awards (in the form of restricted share rights in the company).

(i) Performance Incentive Plan

The Performance Incentive Plan (PIP) provides selected employees the opportunity to earn a cash payment under a STI scheme and acquire restricted share rights under a deferred STI scheme. Each restricted share right granted under the PIP is a right to receive one ordinary share in the company, which only vests if the relevant employee satisfies the specified vesting criteria.

For the 2019 financial year, 437 employees were invited in September 2018 to participate in the PIP for the opportunity to earn a cash payment under the STI scheme – 111 of whom also have the opportunity to acquire restricted share rights under the deferred STI scheme (an additional 81 employees relative to participation in the SKYCITY Senior Executive LTI Plan).

STI Scheme Component of PIP

In respect of the financial year beginning 1 July 2018, 70% of each participant's STI target award will be determined based on the company's financial performance and the remaining 30% will be determined based on a small number of personal goals which are aligned to the strategic priorities of the company.

STI awards will be delivered in cash at the end of the financial year following the completion of the external audit of the company's year end results, where the maximum award under the STI is 150% of the target award.

Deferred STI Scheme Component of PIP

The deferred STI scheme under the PIP offers participants, subject to the relevant STI performance conditions being met, the opportunity to acquire restricted share rights of an amount equivalent to between 10% and 50% of their base salary. Restricted share rights (if any) issued to a participant on a STI cash payment date (Declaration Date) will only vest if that participant remains an employee up and until:

- the first anniversary of the Declaration Date in respect of 50% of the restricted share rights; and
- the second anniversary of the Declaration Date in respect of the remaining 50% of the restricted share rights.

However, if a participant's deferred STI entitlement in any financial year is to restricted share rights having a value of $10,000 or less (calculated using the volume-weighted average sale price of SKYCITY shares used to determine the number of restricted share rights to be issued to the participant), the restricted share rights will not be split out equally into two separate tranches, but will instead comprise one tranche and (subject to the vesting criteria being satisfied) vest to the participant on the first anniversary of the Declaration Date.

Upon vesting, a participant will be allocated one ordinary share in the company for each restricted share right that vests as soon as practicable after the relevant anniversary of the Declaration Date. Subject to complying with the Company's Securities Trading Policy and Code of Business Practice, participants are free to sell, transfer or otherwise deal with shares issued to them under the PIP (subject to minimum shareholding requirements for the Chief Executive Officer and other group executives).

The intention of the deferred STI component under the PIP is to act both as a retention and an engagement tool. The maximum award under the deferred STI scheme is 150% of the target award.

Any unvested restricted share rights will be forfeited if a participant ceases to be employed by SKYCITY (or a company in the SKYCITY Group) before the relevant Declaration Date, although the Board has discretion to determine otherwise such as where a participant ceases to be an employee due to injury, permanent disability, ill health or redundancy or dies. In the case of a group executive however, if he/she ceases employment for any reason (other than as a result of the termination of their employment by SKYCITY for cause, including for serious misconduct) prior to vesting of any restricted share rights, and they have been employed by SKYCITY for at least three years as at the date of cessation of his/her employment, then he/she will continue to be eligible to have shares transferred to him/her on the first and second anniversaries (as applicable) of the Declaration Date as if their employment had not ceased, unless the Board determines otherwise. As a rule, a group executive will not be eligible to the extent they are terminated for cause, breach the terms of their employment agreement or for underperformance.

In the event that a genuine error is made by, or on behalf of, the Board or the company in determining any entitlement under the PIP, including where the company's financial statements are subsequently required to be restated, the Board may seek to recover from a participant the value of any benefits erroneously awarded to a participant under the PIP.

Restricted share rights issued under the PIP may not be transferred, assigned or disposed of and participants may not create any interest in favour of any third party over the restricted share rights (except with Board approval).

(ii) Long Term Incentive Plan

The new 2018 SKYCITY Executive Long Term Incentive Plan is substantially similar to the earlier SKYCITY Senior Executive LTI Plan (in relation to LTI shares issued in 2014 and thereafter) except for the following material enhancements to align remuneration with the creation of shareholder value over the long term:

- 50% of the shares are allocated to an absolute total shareholder return (TSR) tranche;
- the remaining 50% of the shares are allocated equally to each of an NZX comparator group tranche, an ASX comparator group tranche and a competitor comparator group tranche; and
- performance is assessed three years after the issue of the shares, with no retesting dates in the event the performance hurdles are not satisfied as at that date.

In order to determine whether any shares will vest in a participant following the three-year restrictive period for those shares, each tranche is measured against the performance hurdle for that tranche on the performance testing date for those shares, where the performance hurdle for each of the tranches is:

- for the absolute TSR tranche, a comparison of SKYCITY's TSR over the restrictive period against the cost of equity for the SKYCITY Group over the restrictive period as determined by the Board;
- for the NZX comparator group tranche, a comparison of SKYCITY's TSR over the restrictive period against the TSR of each of the constituent entities of the NZX 50 index (as at the grant date, other than SKYCITY) over the same period;
- for the ASX comparator group tranche, a comparison of SKYCITY's TSR over the restrictive period against the TSR of each of the constituent entities of the ASX 200 index (as at the grant date, other than SKYCITY) over the same period; and
- for the competitor comparator group tranche, a comparison of SKYCITY's TSR over the restrictive period against the TSR of each of Crown Resorts Limited and The Star Entertainment Group Limited over the same period.

The Chief Executive Officer and other group executives were invited to participate in the 2018 SKYCITY Executive Long Term Incentive Plan (2018 LTI Plan) for the 2019 financial year. Consequently, 246,726 SKYCITY shares were acquired by the Chief Executive Officer in August 2018 under the 2018 LTI Plan by way of an interest-free loan by a subsidiary of the company, equivalent to 70% of his base salary for the 2019 financial year. A total of 187,309 SKYCITY shares were similarly acquired by the other group executives in August 2018.

As at 1 September 2018, a total of 434,035 shares were issued under the 2018 LTI Plan and held by Public Trust on behalf of 8 participants. The shares vest in a participant only when performance hurdles set by the Board of directors are met.

The maximum award under the 2018 LTI Plan is 100% of the relevant grant allocation.

The transfer of shares to participants at the end of the three-year restrictive period is dependent on satisfaction of the performance conditions and continued employment with SKYCITY. If a participant resigns or is dismissed for misconduct or poor performance before the end of the restrictive period, any unvested shares will be forfeited, unless SKYCITY terminates the employment of a group executive without cause, a group executive ceases employment as a result of a material change to the terms and conditions of his/her employment which results in a diminution of that group executive's role, status and responsibility in the period of 12 months immediately preceding a performance testing date or a group executive dies or ceases to be an employee due to medical incapacity or permanent disability.

However, to support long term decision-making, execution of strategy and to encourage strong succession planning by the Chief Executive Officer, the Chief Executive Officer will continue to be eligible to have shares transferred to him if he ceases employment with SKYCITY for any reason (other than as a result of the termination of employment by SKYCITY for cause, including for serious misconduct) during the restrictive period and the performance conditions are satisfied – in this situation, the performance conditions will be tested on the performance testing date as if his employment had not ceased.

As in the case of the PIP, in the event that a genuine error is made by, or on behalf of, the Board or the company in determining a participant's entitlement under the 2018 LTI Plan, including where the company's or a third party's financial statements are subsequently required to be restated, the Board may seek to recover from a participant the value of any shares erroneously determined to have vested to that participant.

Until the restrictive period for the relevant shares has ended and the relevant loan on those shares is repaid, a participant may not sell those shares or use them as security for another loan.

The PIP and 2018 LTI Plan design was reviewed by Ernst & Young, who confirmed the new plans aligned with SKYCITY's business and remuneration strategic goals.

To further align the group executives' interests with those of shareholders, each group executive is encouraged, over a period of five years, to build up and retain shares in the company (acquired under the PIP and/or 2018 LTI Share Plan) equivalent to at least one year of their base salary.

The Chief Executive Officer's employment agreement has been amended to reflect his participation in the PIP and 2018 LTI Plan and is available on the company's website at www.skycityentertainmentgroup.com.

GROUP EXECUTIVE REMUNERATION STRUCTURE		
FIXED REMUNERATION	AT-RISK REMUNERATION	
Fixed Annual Remuneration Base salary, medical insurance and KiwiSaver	**STI and Deferred STI under PIP** Reward for strong personal and business financial performance during the performance period	**2018 LTI Plan** Reward for longer term company performance
VALUE DETERMINED BY		
Individual skills, performance, experience and contribution to the Group's performance Consideration is also given to both internal and external relativities to ensure that the level of fixed remuneration is both competitive yet appropriate for the organisation	Achievement of both financial (70%) and non-financial (30%) performance based on: (i) Group targets set by the Board and/or business unit targets set by the Chief Executive Officer; and (ii) individual targets set by the Chief Executive Officer	Tranche 1: Absolute TSR measure comparing SKYCITY's performance relative to cost of equity Tranche 2: Relative TSR measure comparing SKYCITY's performance against three equally weighted tranches - NZX 50 index, ASX 200 index and Crown/Star
DELIVERED AS		
Cash, provision of medical insurance and KiwiSaver contributions	**STI** - cash **Deferred STI** - restricted share rights, which (subject to continued employment) vest in two tranches - 12 and 24 months after STI cash payment date	Shares, which (subject to continued employment) vest 36 months after acquisition
AS CONSIDERATION FOR		
To provide competitive remuneration in recognition of the day-to-day accountabilities of the position	To recognise and reward individual performance and support the delivery of annual targets of strategic objectives The deferral into equity supports ongoing performance and aligns the interests of executives and shareholders	To reward performance over a multi-year timeframe and align executive interests with shareholders, ensuring executives act/behave and control/manage in a way that adds shareholder value in the longer term

EMPLOYEES ELIGIBLE TO PARTICIPATE IN THE PIP AND 2018 LTI PLAN	
STI Scheme under PIP	Chief Executive Officer, other group executives, senior managers and managers
Deferred STI Scheme under PIP	Chief Executive Officer, other group executives and senior managers
LTI Plan	Chief Executive Officer and other group executives

DELIVERY TIMEFRAME OF THE PIP AND 2018 LTI PLAN

PERFORMANCE YEAR	BASE SALARY	STI CASH[1]	DEFERRED STI (EQUITY)		LTI (EQUITY)
FY2019	FY19 Base	FY19 STI Cash			
FY2020	FY20 Base	FY20 STI Cash	FY19 Tranche 1		
FY2021	FY21 Base	FY21 STI Cash	FY20 Tranche 1	FY19 Tranche 2	
FY2022	FY22 Base	FY22 STI Cash	FY21 Tranche 1	FY20 Tranche 2	FY19 LTI Vest
FY2023	FY23 Base	FY23 STI Cash	FY22 Tranche 1	FY21 Tranche 2	FY20 LTI Vest
FY2024	FY24 Base	FY24 STI Cash	FY23 Tranche 1	FY22 Tranche 2	FY21 LTI Vest
FY2025	FY25 Base	FY25 STI Cash	FY24 Tranche 1	FY23 Tranche 2	FY22 LTI Vest

(1) STI cash payments are paid shortly after the end of the relevant financial year following completion of the external audit of the company's year-end results.

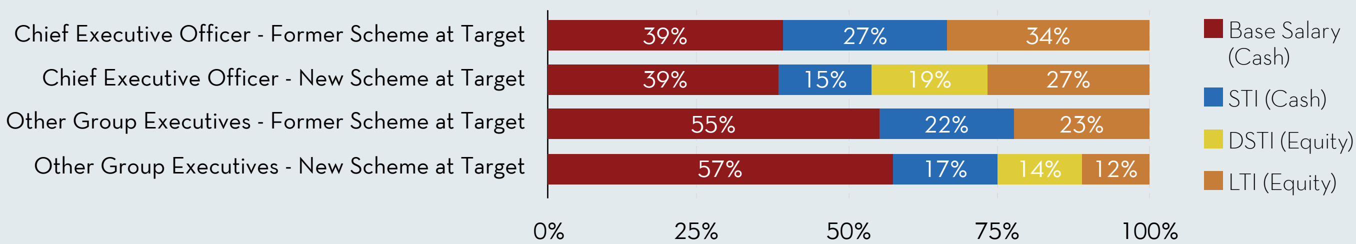
REMUNERATION MIX FOR GROUP EXECUTIVES UNDER THE PIP AND 2018 LTI PLAN

The graph below shows the changes to the remuneration mix for the group executives at target. Under the new incentive arrangements, group executives will be remunerated with a greater equity component than that which was delivered via the previous remuneration structure.

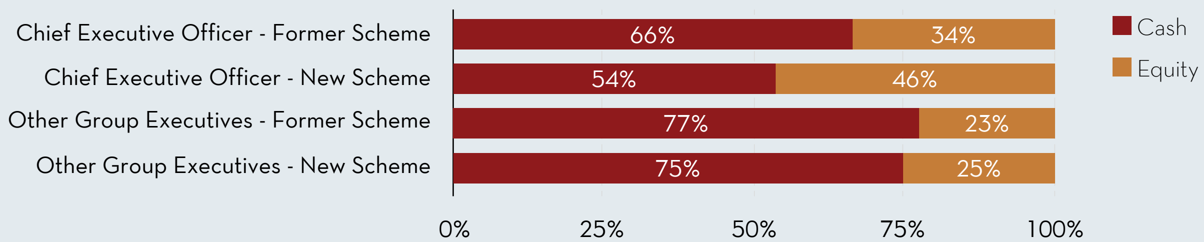
The new incentive arrangements introduce a change to the maximum outcomes achievable. Under the previous STI arrangements:

- the 150% maximum multiplier for the financial component is reached at 105% of budgeted performance – however, under the PIP, the multiplier for the financial component (70% of the overall calculation) will remain at 150%, but the maximum will now only be reached at or greater than 110% of budgeted performance; and
- the non-financial component (30% of the overall calculation) had a maximum multiplier of 125% - however, under the PIP, the non-financial component will have a maximum multiplier of 150% for exceptional levels of personal performance.

REMUNERATION MIX AT TARGET



REMUNERATION MIX AT TARGET - CASH VS EQUITY



EMPLOYEE REMUNERATION

The numbers of employees or former employees of the company and its subsidiaries, not being directors of the company, who received remuneration and other benefits in their capacity as employees, the value of which was in excess of $100,000 and was paid to those employees during the financial year ended 30 June 2018, are listed below. Remuneration includes salary, short term cash bonuses and, where applicable, health insurance premiums, sign on payments and the value of share rights and shares expensed (including PAYE and PAYG on vested share rights but excluding accrued PAYE and PAYG on unvested share rights) during the financial year ended 30 June 2018. Remuneration shown below also includes settlement payments and payments in lieu of notice with respect to certain employees upon their departure from the company.

REMUNERATION	NUMBER OF EMPLOYEES
$100,000–$109,999	76
$110,000–$119,999	48
$120,000–$129,999	33
$130,000–$139,999	34
$140,000–$149,999	17
$150,000–$159,999	16
$160,000–$169,999	10
$170,000–$179,999	13
$180,000–$189,999	9
$190,000–$199,999	11
$200,000–$209,999	5
$210,000–$219,999	4
$220,000–$229,999	7
$230,000–$239,999	3
$240,000–$249,999	3
$250,000–$259,999	4
$260,000–$269,999	1
$280,000–$289,999	2
$300,000–$309,000	2
$320,000–$329,999	2
$330,000–$339,999	1
$340,000–$349,999	1
$350,000–$359,999	1
$370,000–$379,999	1
$380,000–$389,999	3
$420,000–$429,999	1
$460,000–$469,999	1
$480,000–$489,999	1
$490,000–$499,999	1
$500,000–$509,999	2
$510,000–$519,999	1
$550,000–$559,999	3
$580,000–$589,999	1
$620,000–$629,999	2
$810,000–$819,999	1
$850,000–$859,999	1
$890,000–$899,999	1
$1,050,000–$1,059,999	1
$1,550,000–$1,559,999	1
$2,220,000–$2,229,999	1
Total	**326**

TWENTY LARGEST REGISTERED SHAREHOLDERS AS AT 1 SEPTEMBER 2018

		NUMBER OF SHARES	% OF SHARES
1.	HSBC Custody Nominees (Australia) Limited	126,399,532	18.58%
2.	HSBC Nominees (New Zealand) Limited - NZCSD	72,534,655	10.66%
3.	HSBC Nominees (New Zealand) Limited A/C State Street - NZCSD	57,781,409	8.49%
4.	JP Morgan Nominees Australia Limited	57,207,677	8.41%
5.	Citibank Nominees (New Zealand) Limited - NZCSD	39,946,581	5.87%
6.	Citicorp Nominees Pty Limited	23,475,006	3.45%
7.	Accident Compensation Corporation - NZCSD	22,322,158	3.28%
8.	JPMorgan Chase Bank NA NZ Branch - Segregated Clients Acct - NZCSD	20,774,867	3.05%
9.	BNP Paribas Noms Pty Limited	17,238,972	2.53%
10.	JPMorgan Nominees Australia Limited	15,291,185	2.25%
11.	BNP Paribas Nominees (NZ) Limited - NZCSD	12,648,774	1.86%
12.	ANZ Custodial Services New Zealand Limited - NZCSD	12,116,288	1.78%
13.	National Nominees Limited	9,904,168	1.46%
14.	Citicorp Nominees Pty Limited	9,314,839	1.37%
15.	ANZ Wholesale Australasian Share Fund - NZCSD	7,287,952	1.07%
16.	UBS Nominees Pty Limited	5,866,251	0.86%
17.	New Zealand Depository Nominee Limited	5,657,127	0.83%
18.	HSBC Nominees A/C NZ Superannuation Fund Nominees Limited - NZCSD	5,375,676	0.79%
19.	BNP Paribas Nominees (NZ) Limited - NZCSD	5,222,610	0.77%
20.	BNP Paribas Nominees Pty Limited	5,191,192	0.76%
Total		531,556,919	78.12%

Total ordinary shares on issue as at 1 September 2018 were 680,342,108 of which 5,515,841 were held in aggregate by Public Trust on behalf of eligible and future participants pursuant to the SKYCITY Senior Executive Long Term Incentive Plan and 2018 SKYCITY Executive Long Term Incentive Plan.

The ordinary shares are quoted on both the NZX Main Board and ASX under the ticker code 'SKC'.

No shares were held by the company directly as treasury stock.

DISTRIBUTION OF ORDINARY SHARES AND REGISTERED SHAREHOLDINGS AS AT 1 SEPTEMBER 2018

	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES
1–1,000	3,841	1,432,447
1,001–5,000	6,564	17,959,585
5,001–10,000	2,511	17,652,047
10,001–100,000	2,298	53,655,844
>100,000	132	589,642,185
Total	15,346	680,342,108

As at 1 September 2018, there were 1,158 shareholders (with a total of 58,887 shares) holding less than a marketable parcel of shares under the ASX Listing Rules, based on the closing share price of A$3.72. The ASX Listing Rules define a marketable parcel of shares as a parcel of shares of not less than A$500.

SUBSTANTIAL SECURITY HOLDERS

The following persons had given notice as at 30 June 2018, in accordance with subpart 5 of Part 5 of the New Zealand Financial Markets Conduct Act 2013, that they were substantial security holders in the company and held a relevant interest in the number of ordinary shares shown below. The total number of listed voting securities of SKYCITY Entertainment Group Limited as at 30 June 2018 was 680,342,108. Substantial security holder notices received since 30 June 2018 can be viewed at www.nzx.com/companies/SKC/announcements.

	DATE OF SUBSTANTIAL SECURITY NOTICE	RELEVANT INTEREST IN NUMBER OF SHARES	% OF SHARES HELD AT DATE OF NOTICE
Perpetual Limited	30 June 2017	46,999,542	7.20%
Commonwealth Bank of Australia	1 September 2017	47,028,632	7.047%
Lazard Asset Management Pacific Co	12 September 2017	50,152,982	7.515%
Investors Mutual Limited	5 December 2017	48,485,763	7.43%
BlackRock, Inc	20 March 2018	41,695,222	6.129%
Sumitomo Mitsui Trust Holdings, Inc	11 May 2018	34,738,762	5.15%

BONDS

On 28 September 2015, the company issued 125 million unsubordinated, unsecured, redeemable, fixed rate, seven year bonds at an issue price of $1 per bond. The bonds pay a fixed rate of interest of 4.65% per annum until the maturity date and are quoted on the NZX Debt Market under the ticker code 'SKC040'.

TWENTY LARGEST REGISTERED BONDHOLDERS AS AT 1 SEPTEMBER 2018

		NUMBER OF BONDS	% OF BONDS
1.	Investment Custodial Services Limited	13,778,000	11.02%
2.	FNZ Custodians Limited	13,640,000	10.91%
3.	Forsyth Barr Custodians Limited	11,682,000	9.35%
4.	Custodial Services Limited	10,486,000	8.39%
5.	ANZ Custodial Services New Zealand Limited - NZCSD	8,111,000	6.49%
6.	Custodial Services Limited	5,486,000	4.39%
7.	Custodial Services Limited	5,475,000	4.38%
8.	Custodial Services Limited	2,809,000	2.25%
9.	Tea Custodians Limited Client Property Trust Account - NZCSD	2,100,000	1.68%
10.	Lynette Therese Erceg, Darryl Edward Gregory & Catherine Agnes Quinn	2,000,000	1.60%
11.	Tappenden Holdings Limited	2,000,000	1.60%
12.	Citibank Nominees (New Zealand) Limited - NZCSD	1,800,000	1.44%
13.	Custodial Services Limited	1,792,000	1.43%
14.	Custodial Services Limited	1,775,000	1.42%
15.	BNP Paribas Nominees (NZ) Limited - NZCSD	1,275,000	1.02%
16.	Forsyth Barr Custodians Limited	1,118,000	0.89%
17.	JBWere (NZ) Nominees Limited	963,000	0.77%
18.	Investment Custodial Services Limited	800,000	0.64%
19.	BNP Paribas Nominees (NZ) Limited - NZCSD	755,000	0.60%
20.	BGS Trustee Limited	750,000	0.60%
Total		88,595,000	70.87%

DISTRIBUTION OF BONDS AND REGISTERED HOLDINGS AS AT 1 SEPTEMBER 2018

	NUMBER OF BONDHOLDERS	NUMBER OF BONDS
1,001–5,000	79	395,000
5,001–10,000	203	1,961,000
10,001–100,000	685	24,033,000
>100,000	67	98,611,000
Total	1,034	125,000,000

INTERESTS REGISTER

Disclosure of Directors' Interests

Section 140(1) of the New Zealand Companies Act 1993 requires a director of a company to disclose certain interests. Under subsection (2) a director can make disclosure by giving a general notice in writing to the company of a position held by a director in another named company or entity.

The following are particulars included in the company's Interests Register as at 30 June 2018 (notices given by directors during the financial year ended 30 June 2018 are marked with an asterisk):

Rob Campbell	
King Tide Asset Management Limited	Director and Shareholder
Precinct Properties New Zealand Limited	Director and Shareholder
RC Custodian Limited	Director
Summerset Group Holdings Limited	Chair and Shareholder
Tourism Holdings Limited	Chair and Shareholder
Tutanekai Investments Limited	Director and Shareholder
WEL Networks Limited	Chair

Bruce Carter	
ASC Pty Limited	Chair
Aventus Capital Limited	Chair
Badge Management Pty Limited	Director
Bank of Queensland Limited	Director
Cobbadah Pty Limited	Director
Eudunda Farmers Limited	Director
Ferrier Hodgson	Consultant
Genesee & Wyoming Australia Pty Limited	Director
Genesee and Wyoming Inc (US)	Director*

Brent Harman	
Harman Investments Limited	Director and Shareholder

Sue Suckling	
ECL Group Limited	Chair
Insurance & Financial Services Ombudsman Scheme Commission	Chair*
Jacobsen Holdings Limited	Chair
Jade Software Corporation Limited	Chair
Lincoln Hub Establishment Board	Chair
New Zealand Qualifications Authority	Chair
Sue Suckling Holdings Limited	Managing Director

Richard Didsbury	
Brick Bay Wines Limited	Director
Brick Bay Development Trust	Trustee
Brick Bay Investments Trust	Trustee
Brick Bay Trustee Limited	Director
Kiwi Property Group Limited	Director
NX2 GP Limited	Chair
NX2 Hold GP Limited	Chair
Whisper Cove Heights Limited	Director

Jennifer Owen	
Aspire Child Care (Mascot) Pty Ltd	Director
Owen Gaming Research	Principal

Murray Jordan	
Chorus Limited	Director
Metcash Limited	Director
Real Clarity Limited	Director and Shareholder
Starship Foundation	Trustee
Stevenson Group Limited	Director

The following details included in the Interests Register as at 30 June 2017, or entered during the financial year ended 30 June 2018, have been removed during the financial year ended 30 June 2018:

- Rob Campbell is no longer a director of Committee for Auckland Limited;
- Bruce Carter is no longer a director of certain subsidiaries of Bank of Queensland Limited;
- Sue Suckling is no longer the chair of Callaghan Innovation Research Limited; and
- Richard Didsbury is no longer a director of Auckland International Airport Limited.

DIRECTORS' AND SENIOR MANAGERS' INDEMNITIES

Indemnities have been given to directors and senior managers of the company and its subsidiaries to cover acts or omissions of those persons in carrying out their duties and responsibilities as directors and senior managers.

DISCLOSURE OF DIRECTORS' INTERESTS IN SHARE TRANSACTIONS

Directors disclosed, pursuant to section 148 of the New Zealand Companies Act 1993, the following acquisitions and disposals of relevant interests in SKYCITY shares during the period to 30 June 2018:

	DATE OF ACQUISITION/ DISPOSAL DURING PERIOD	CONSIDERATION	SHARES ACQUIRED/ (DISPOSED)
Rob Campbell	10 August 2017	$3.95 per share	25,000(1)
	15 September 2017	$3.6782 per share(2)	1,265(1)
	16 March 2018	$3.7726 per share(2)	1,265(1)
Sue Suckling	15 September 2017	$3.6782 per share(2)	940(3)
	16 March 2018	$3.7726 per share(2)	940(3)
Richard Didsbury	15 September 2017	$3.6782 per share(2)	907
	16 March 2018	$3.7726 per share(2)	907
Jennifer Owen	15 September 2017	A$3.4200 per share	20,000(4)
Murray Jordan	8 September 2017	$3.7829 per share	8,000(5)
	15 September 2017	$3.6782 per share(2)	325(5)
	16 March 2018	$3.7726 per share(2)	522(5)
Chris Moller(6)	15 September 2017	$3.6782 per share(2)	1,896

(1) Shares held by FNZ Custodians Limited on behalf of Tutanekai Investments Limited.
(2) Shares issued under the SKYCITY Dividend Reinvestment Plan.
(3) Shares held by the trustees of The Sue Suckling Family Trust.
(4) Shares held by the trustees of the Owen & Paull Retirement Fund.
(5) Shares held by the trustees of Endeavour Trust.
(6) Chris Moller retired as a director effective 31 December 2017.

DISCLOSURE OF DIRECTORS' INTERESTS IN SHARES

Directors disclosed the following relevant interests in SKYCITY shares as at 30 June 2018:

	SHARES BENEFICIALLY HELD
Rob Campbell	52,530(1)
Bruce Carter	64,618(2)
Brent Harman	49,808(3)
Sue Suckling	39,051(4)
Richard Didsbury	37,660
Jennifer Owen	35,000(5)
Murray Jordan	21,700(6)

(1) Shares held by FNZ Custodians Limited on behalf of Tutanekai Investments Limited.
(2) Shares held by Tarquay Pty Limited on trust for Tarquay Superannuation Fund.
(3) Shares held by Forbar Nominees Limited.
(4) Shares held by the trustees of The Sue Suckling Family Trust.
(5) Shares held by the trustees of the Owen & Paull Retirement Fund.
(6) Shares held by the trustees of Endeavour Trust.

STOCK EXCHANGE LISTINGS

SKYCITY Entertainment Group Limited is a listed issuer with ordinary shares quoted on both the NZX Main Board and ASX (in each case, under the ticker code 'SKC') and bonds quoted on the NZX Debt Market (under the ticker code 'SKC040').

SKYCITY Entertainment Group Limited has been designated as 'Non-Standard' by the NZX due to the nature of the company's constitution. In particular, the constitution places restrictions on the transfer of shares in the company in certain circumstances and provides that votes and other rights attached to shares may be disregarded and shares may be sold if these restrictions are breached, as more particularly described on page 85 of this annual report.

SKYCITY is listed as a 'Foreign Exempt Listing' on the ASX.

SKYCITY ENTERTAINMENT GROUP LIMITED

The following persons held office as directors of SKYCITY Entertainment Group Limited as at 30 June 2018:

Rob Campbell (Chairman)
Brent Harman
Richard Didsbury
Murray Jordan
Bruce Carter (Deputy Chairman)
Sue Suckling
Jennifer Owen

SUBSIDIARY COMPANIES

Subsidiary Company Directorships

The following persons held office as directors of subsidiaries of SKYCITY Entertainment Group Limited as at 30 June 2018:

New Zealand Subsidiaries

Directors	Graeme Stephens, Jo Wong
Companies	New Zealand International Convention Centre Limited Otago Casinos Limited Queenstown Casinos Limited SKYCITY Action Management Limited SKYCITY Auckland Holdings Limited SKYCITY Auckland Limited SKYCITY Casino Management Limited SKYCITY Hamilton Limited SKYCITY International Holdings Limited SKYCITY Investments Australia Limited SKYCITY Investments Queenstown Limited SKYCITY Management Limited SKYCITY Wellington Limited Sky Tower Limited

Overseas Subsidiaries

Directors	Graeme Stephens, Jo Wong
Companies	Horizon Tourism Limited SKYCITY Investment Holdings Limited

Directors	Graeme Stephens, Jo Wong, Bruce Carter, David Christian
Companies	SKYCITY Adelaide Pty Limited SKYCITY Australia Finance Pty Limited SKYCITY Australia Pty Limited SKYCITY Darwin Pty Limited SKYCITY Treasury Australia Pty Limited

Rob Hamilton and Peter Treacy ceased to be directors of Horizon Tourism Limited and SKYCITY Investment Holdings Limited on 31 August 2017.

Non-wholly Owned Company Directorships

As at 30 June 2018, SKYCITY also had an interest in, and was represented by a SKYCITY representative on the boards of, the New Zealand companies listed below:

Representative	Stacey Dutton
Companies	Lets Play Live Media Limited TNZ Esports Limited

Sonya Crosby ceased to be a director of Lets Play Live Media Limited and TNZ Esports Limited on 26 January 2018.

WAIVERS FROM THE NEW ZEALAND AND AUSTRALIAN STOCK EXCHANGES

The following waivers from the NZX and ASX Listing Rules were either granted and published by NZX or ASX (as the case may be) within, or relied upon by the company during, the 12-month period preceding the balance date:

- on 9 February 2011, NZX granted SKYCITY a waiver from NZX Listing Rule 7.11.1 (which requires allotment to occur within five business days following the latest date on which applications for securities close) in relation to the allotment of shares pursuant to the company's Dividend Reinvestment Plan

All other waivers granted prior to the 12-month period preceding the balance date had ceased to have effect or were not relied upon during the period.

VOTING RIGHTS ATTACHED TO SECURITIES

Each share gives the holder a right to attend and vote at a meeting of shareholders. Holders have the right to cast one vote per share on a poll of any resolution put to the shareholders.

There are no voting rights attached to SKYCITY's debt securities. However, bond holders are welcome to attend the annual meeting of shareholders.

LIMITATIONS ON ACQUISITIONS OF ORDINARY SHARES

The company's constitution contains various provisions which are included to take into account the application of the:

- Gambling Act 2003 (New Zealand);
- Casino Act 1997 (South Australia);
- Gaming Control Act (Northern Territory); and
- legislation providing for the establishment, operation and regulation of casinos in any other jurisdiction in which SKYCITY or any of its subsidiaries may hold a casino licence.

SKYCITY needs to ensure when it participates in gaming activities that:

- it has the power under its constitution to take such action as may be necessary to ensure that its suitability to do so in a particular jurisdiction is not affected by the identity or actions (including share dealings) of a shareholder; and
- there are appropriate protections to ensure that persons do not gain positions of significant influence or control over SKYCITY or its business activities without obtaining any necessary statutory or regulatory approvals in those jurisdictions.

Accordingly, the constitution contains the following provisions restricting the acquisition of shares in the company to achieve this.

Clause 12.11 of the constitution provides that if a transfer of shares results in the transferee, and the persons associated with that transferee:

- holding more than 5% of the shares in SKYCITY; or
- increasing their combined holding further beyond 5% if:
  – they already hold more than 5% of the shares in SKYCITY; and
  – the transferee has not been approved by the relevant regulatory authority as an associated casino person of any casino licence holder,

then the votes attaching to all shares held by the transferee and the persons associated with that transferee are suspended unless and until either:

- each regulatory authority advises that approval is not needed; or
- any regulatory authority which determines that its approval is required approves the transferee, together with the persons associated with that transferee, as an associated casino person of any applicable casino licence holder; or
- the Board of the company is satisfied that registration of the proposed transfer will not prejudice any casino licence; or
- the transferee and the persons associated with that transferee dispose of such number of SKYCITY shares as will result in their combined holding falling below 5% or, if the regulatory authorities approve in respect of the transferee and the persons associated with that transferee a higher percentage, the lowest such percentage approved by the regulatory authorities.

If a regulatory authority does not grant its approval to the proposed transfer, SKYCITY may sell such number of the shares held by the transferee and by any persons associated with that transferee, as may be necessary to reduce their combined shareholding to a level that will not result in the transferee and the persons associated with that transferee being an associated person of that casino licence holder.

The power of sale can only be exercised if SKYCITY has given one month's notice to the transferee of its intention to exercise that power and the transferee has not, during that one month period, transferred the requisite number of shares in SKYCITY to a person who is not associated with the transferees.

During the financial year ended 30 June 2018, the Board considered all such transfers and was satisfied in each case that the registration of the relevant transfer would not prejudice any casino licence.

DONATIONS

Donations of $57,563.50 were made by the company during the financial year ended 30 June 2018 ($27,171 during the financial year ended 30 June 2017).

REVIEW OF OPERATIONS AND ACTIVITIES

A detailed review of the operations and activities of the company for the financial year ended 30 June 2018 is set out in the Chairman's Review on pages 14 and 15 of this annual report and Management's Review on pages 24 to 29 of this annual report.

OTHER LEGISLATION AND REQUIREMENTS

General limitations on the acquisition of securities imposed by the jurisdiction in which SKYCITY is incorporated (ie. New Zealand law) are outlined in the following paragraphs.

Other than the provisions included in the company's constitution, the only significant restrictions or limitations in relation to the acquisition of securities are those imposed by New Zealand laws relating to takeover, overseas investment and competition.

The New Zealand Takeovers Code creates a general rule under which the acquisition of more than 20% of the voting rights in SKYCITY, or the increase of an existing holding of 20% or more of the voting rights in SKYCITY, can only occur in certain permitted ways. These include a full takeover offer in accordance with the Takeovers Code, a partial takeover offer in accordance with the Takeovers Code, an acquisition approved by an ordinary resolution, an allotment approved by an ordinary resolution, a creeping acquisition (in certain circumstances), or compulsory acquisition if a shareholder holds 90% or more of the shares in the company.

The New Zealand Overseas Investment Act 2005 and the Overseas Investment Regulations 2005 regulate certain investments in New Zealand by overseas persons. In general terms, the consent of the New Zealand Overseas Investment Office is likely to be required when an 'overseas person' acquires shares or an interest in shares in SKYCITY Entertainment Group Limited that amount to 25% or more of the shares issued by the company or, if the overseas person already holds 25% or more, the acquisition increases that holding.

The New Zealand Commerce Act 1986 is likely to prevent a person from acquiring shares in SKYCITY if the acquisition would have, or would be likely to have, the effect of substantially lessening competition in a market.

ESCROW AND BUY-BACK ARRANGEMENTS

SKYCITY Entertainment Group Limited has no securities subject to an escrow arrangement.

From time to time, the Public Trust acquires shares in the company on-market for the purposes of the company's long term incentive employee plans as detailed in the Director and Employee Remuneration section in this annual report. In addition, SKYCITY (or a nominee or agent of SKYCITY) may, from time to time, acquire existing shares in the company to satisfy its obligations to participating shareholders under the company's Dividend Reinvestment Plan established in February 2011. As at the date of this annual report, the company does not have in place an on-market share buy-back programme.

CREDIT RATING

As at the date of this annual report, SKYCITY Entertainment Group Limited has a Standard & Poor's BBB– rating with a stable outlook.

FINAL DIVIDEND

In respect of the financial year ended 30 June 2018, a final dividend of 10 cents per share was paid on 14 September 2018 to all shareholders on the company's register at the close of business on 31 August 2018.

The company's Dividend Reinvestment Plan (established in February 2011) was applied to this final dividend with no discount. Full details of the company's Dividend Reinvestment Plan are available in the Investor Centre section of the company's website at www.skycityentertainmentgroup.com.

Financial Statements & Notes

For the year ended 30 June 2018

These financial statements were signed on 7 August 2018
on behalf of the Board of directors of SKYCITY Entertainment Group Limited by:

Rob Campbell
Chairman

Bruce Carter
Deputy Chairman and Chairman of the
Audit and Risk Committee

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of SKYCITY Entertainment Group Limited

The financial statements comprise:

- the balance sheet as at 30 June 2018;
- the income statement for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

OUR OPINION

In our opinion, the financial statements of SKYCITY Entertainment Group Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 30 June 2018, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs NZ) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

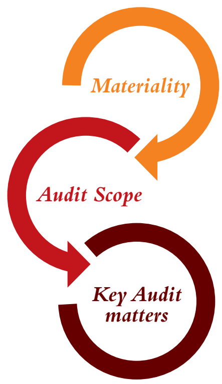
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Group in the areas of tax compliance, tax advisory, accounting assistance and executive benchmarking assistance. The provision of these other services has not impaired our independence as auditor of the Group.

OUR AUDIT APPROACH

Overview



An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement.

Overall Group materiality: $11.6 million, which represents 5% of profit before tax.

We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark.

We have determined that there are two key audit matters:

- Consideration of the carrying value of goodwill and casino licence intangible assets
- Accounting for liquidated damages.

Materiality

The scope of our audit was influenced by our application of materiality.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Audit scope

We designed our audit by assessing the risks of material misstatement in the financial statements and our application of materiality. As in all of our audits, we also addressed the risk of management override of internal controls including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The structure of the Group means the majority of the audit work for the Group is performed by the New Zealand Group audit team. We also utilise audit teams in Australia for specified procedures, as directed by the New Zealand Group audit team where local knowledge of the trading environment or the legal and regulatory environment is required.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Consideration of the carrying value of goodwill and casino licence intangible assets	
The Group has goodwill and casino licence intangible assets totalling $799.4 million. As noted in note 16 to the financial statements an assessment of the value in use of the goodwill and indefinite life casino licence intangible assets was made using discounted cash flow forecasts (DCF) for each cash generating unit (CGU). In preparing the DCFs management have made a number of judgements that can influence the value. The most significant of these judgements are disclosed within note 16 to the financial statements. In addition, as disclosed within note 16 of the financial statements an impairment assessment was also performed in relation to the Adelaide CGU which includes a definite life casino licence intangible asset using a DCF model. The assessments performed resulted in a conclusion that there was no impairment associated with any goodwill and casino licence intangible assets.	We performed our own assessment of the DCF models used in the impairment assessment. In relation to the forecast cash flows we performed the following procedures: • compared the forecast cash flows used to the Board approved business plan; • understood the processes undertaken, controls over and basis for preparing the forecasts; • considered key assumptions, in particular the estimated future growth rates, by comparing expectations of underlying inflation; • engaged our valuation expert to assist in our assessment of the discount rates and the terminal growth rates used in the model; • compared historical performance against budget, investigated material differences and considered the impact on future cash flow forecasts; and • performed a sensitivity analysis on the forecast cash flows to determine whether a reasonably possible change in assumptions could lead to a conclusion the intangible asset is impaired. In relation to the Adelaide forecast we also understood and assessed the commercial prospects of achieving future plans by agreeing these to detailed supporting analyses prepared by management and comparing these against historic information for the Adelaide casino and industry. We also considered the appropriateness of disclosures in relation to the valuation of intangible assets and associated impairment testing performed. As a result of our procedures, we did not propose any adjustments.

pwc

Key audit matter	How our audit addressed the key audit matter
Accounting for liquidated damages	
The Group has withheld liquidated damages from progress claims owing to Fletcher Construction Company Limited (FCC) under the contract to build the New Zealand International Convention Centre (NZICC). As disclosed in note 27 (b) to the financial statements, as at 30 June 2018, the Group has withheld amounts totalling $26.9 million. The amount withheld is recognised as a liability in the balance sheet. The Group has withheld these amounts as it considers that it has the right to these funds under the liquidated damages provisions in the construction contract with FCC. The accounting treatment of liquidated damages requires judgement. The critical judgment made by the Directors is whether the recovery of the liquidated damages is probable or virtually certain. At 30 June 2018, the Directors have concluded that the recovery is probable but not virtually certain as FCC have notified SKYCITY that they dispute SKYCITY's right to these liquidated damages. Therefore the liquidated damages have been disclosed as a contingent asset in note 27 (b) of the financial statements and have not been recognised as income in the income statement.	We reviewed the contract for the construction of the NZICC, noting a number of separate delivery milestones and the right to liquidated damages if certain milestones are not met. We reviewed management's paper summarising the current status of the liquidated damages, supporting invoices and progress claims. We challenged management's rationale behind the judgment applied in terms of meeting the probable threshold and not the virtually certain threshold. In particular, we considered the contract terms for the build and the fact that SKYCITY's right to retain these liquidated damages is disputed by FCC. We reviewed the disclosure in the financial statements to ensure that this is compliant with the requirements of the New Zealand accounting standards. As a result of these procedures, we have concluded that the accounting treatment is appropriate and appropriate disclosures have been made in Note 27 (b).

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT

The Directors are responsible for the annual report. Our opinion on the financial statements does not cover the other information included in the annual report and we do not, and will not express any form of assurance conclusion on the other information. At the time of our audit, there was no other information available to us.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at: https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/auditreport-1/

This description forms part of our auditor's report.

WHO WE REPORT TO

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Leopino Foliaki.

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
7 August 2018

Auckland

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2018	NOTES	CONSOLIDATED 2018 $'000	2017 $'000
Gaming win plus non-gaming revenue	3	**1,094,566**	1,021,259
Less gaming GST	3	**(99,987)**	(93,959)
Revenue	3	**994,579**	927,300
Other income	4	**2,608**	767
Share of losses from associates		**(347)**	-
Employee benefits expense		**(322,563)**	(306,513)
Other expenses	5	**(172,806)**	(152,486)
Directors fees		**(1,273)**	(1,161)
Gaming taxes		**(41,950)**	(41,860)
Direct consumables		**(70,787)**	(69,155)
Marketing and communications		**(27,839)**	(29,453)
Community contributions, levies and sponsorships		**(20,095)**	(20,429)
Fair value adjustment to investment property	11	**(799)**	-
Earnings Before Interest, Taxes, Depreciation and Amortisation Expenses (EBITDA)		**338,728**	307,010
Depreciation and amortisation expense	5	**(94,377)**	(95,049)
Impairment of goodwill	16	**-**	(99,486)
Earnings Before Interest and Tax (EBIT)		**244,351**	112,475
Net finance costs	8	**(12,458)**	(16,712)
Profit Before Income Tax		**231,893**	95,763
Income tax expense	12	**(62,374)**	(50,901)
Profit for the Year Attributable to Shareholders of the Company		**169,519**	44,862

Earnings per share for Profit Attributable to the Shareholders of the Company		CENTS	CENTS
Attributable to continuing operations:			
Basic earnings per share	6	**25.3**	6.8
Diluted earnings per share	6	**25.3**	6.7

The above income statement should be read in conjunction with the accompanying notes.

FOR THE YEAR ENDED 30 JUNE 2018	CONSOLIDATED 2018 $'000	2017 $'000
Profit for the Year	**169,519**	44,862
Other Comprehensive Income		
Items that may be Reclassified Subsequently to Profit or Loss		
Exchange differences on translation of overseas subsidiaries	**8,436**	2,154
Cash Flow Hedge Reserve		
Cash flow hedges – revaluations	**(18,241)**	(11,092)
Cash flow hedges – transfer to finance costs	**8,376**	10,952
Cash flow hedges – income tax	**2,855**	89
Cost of Hedging Reserve		
Cost of hedging reserve – costs incurred	**(2,757)**	-
Cost of hedging reserve – income tax	**772**	-
Other Comprehensive (Loss) for the Year, Net of Tax	**(559)**	2,103
Total Comprehensive Income for the Year Attributable to Shareholders of the Company	**168,960**	46,965

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

AS AT 30 JUNE 2018	NOTES	CONSOLIDATED 2018 $'000	2017 $'000
ASSETS			
Current Assets			
Cash and bank balances	18	**75,955**	56,727
Receivables and prepayments	17	**23,379**	17,363
Derivative financial instruments	22	**-**	8,097
Inventories		**7,570**	7,037
Current tax receivables		**4,799**	2,068
Non-current assets classified as held for sale	19	**22,175**	-
Total current assets		**133,878**	91,292
Non-current Assets			
Property, plant and equipment	15	**1,498,610**	1,324,577
Intangible assets	16	**831,833**	819,025
Investment properties	11	**35,300**	-
Investments accounted for using the equity method		**2,290**	-
Derivative financial instruments	22	**42,597**	43,417
Total non-current assets		**2,410,630**	2,187,019
Total Assets		**2,544,508**	2,278,311
LIABILITIES			
Current Liabilities			
Payables	20	**192,679**	136,570
Interest bearing liabilities	9	**-**	102,375
Current tax liabilities		**7,376**	13,741
Derivative financial instruments	22	**534**	2,554
Total current liabilities		**200,589**	255,240
Non-current Liabilities			
Interest bearing liabilities	10	**508,453**	289,404
Provisions		**3,288**	2,943
Derivative financial instruments	22	**28,770**	24,307
Deferred tax liabilities	13	**84,547**	80,021
Deferred licence value	16	**560,835**	555,459
Total non-current liabilities		**1,185,893**	952,134
Total Liabilities		**1,386,482**	1,207,374
Net Assets		**1,158,026**	1,070,937
EQUITY			
Share capital	21	**1,152,260**	1,100,792
Reserves		**(63,929)**	(63,370)
Retained earnings		**69,695**	33,515
Total Equity		**1,158,026**	1,070,937

The above balance sheet should be read in conjunction with the accompanying notes.

FOR THE YEAR ENDED 30 JUNE 2018	NOTES	SHARE CAPITAL $'000	HEDGING RESERVE $'000	FOREIGN CURRENCY TRANSLATION RESERVE $'000	COST OF HEDGING RESERVE $'000	RETAINED EARNINGS $'000	TOTAL EQUITY $'000
CONSOLIDATED							
Balance as at 1 July 2016		1,055,737	(14,430)	(51,043)	–	122,778	1,113,042
Total comprehensive income/(expense)		–	(51)	2,154	–	44,862	46,965
Dividends provided for or paid	7	–	–	–	–	(134,125)	(134,125)
Shares issued under dividend reinvestment plan	21	44,511	–	–	–	–	44,511
Share rights issued for employee service	21	736	–	–	–	–	736
Net purchase of treasury shares	21	(192)	–	–	–	–	(192)
Balance as at 30 June 2017		1,100,792	(14,481)	(48,889)	–	33,515	1,070,937
Balance as at 1 July 2017		1,100,792	(14,481)	(48,889)	–	33,515	1,070,937
Total comprehensive income/(expense)		–	(7,010)	8,436	(1,985)	169,519	168,960
Dividends provided for or paid	7	–	–	–	–	(133,339)	(133,339)
Shares issued under dividend reinvestment plan	21	48,257	–	–	–	–	48,257
Share rights issued for employee service	21	2,983	–	–	–	–	2,983
Net purchase of treasury shares	21	228	–	–	–	–	228
Balance as at 30 June 2018		1,152,260	(21,491)	(40,453)	(1,985)	69,695	1,158,026

The above statement of changes in equity should be read in conjunction with the accompanying notes.

FOR THE YEAR ENDED 30 JUNE 2018	NOTES	CONSOLIDATED 2018 $'000	2017 $'000
Cash Flows from Operating Activities			
Receipts from customers		**988,412**	938,820
Payments to suppliers and employees		**(577,390)**	(567,951)
		411,022	370,869
Gaming taxes and levies paid		**(59,189)**	(60,933)
Income taxes paid		**(62,744)**	(30,412)
Net Cash Inflow from Operating Activities	29	**289,089**	279,524
Cash Flows from Investing Activities			
Purchase of/proceeds from property, plant and equipment		**(206,466)**	(154,617)
Payments for investment property		**(36,099)**	–
Payments for associates		**(2,637)**	–
Payments for intangible assets		**(8,589)**	(3,970)
Net Cash Outflow from Investing Activities		**(253,791)**	(158,587)
Cash Flows from Financing Activities			
Cash flows associated with derivatives	22	**9,736**	(5,028)
New borrowings	10	**206,956**	10,000
Repayment of borrowings	10	**(112,459)**	(38,972)
Net purchase of treasury shares	21	**228**	(192)
Dividends paid to company shareholders	7	**(85,082)**	(89,614)
Interest paid		**(35,449)**	(30,713)
Net Cash Outflow from Financing Activities		**(16,070)**	(154,519)
Net Increase/(Decrease) in Cash and Bank Balances		**19,228**	(33,582)
Cash and bank balances at the beginning of the year		**56,727**	90,309
Cash and Cash Equivalents at End of Year	18	**75,955**	56,727

The above statement of cash flows should be read in conjunction with the accompanying notes.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

SKYCITY Entertainment Group Limited (SKYCITY or the company and its subsidiaries or the Group) operates in the gaming, entertainment, hotel, convention, hospitality, recreation, and tourism sectors. The Group has operations in New Zealand and Australia.

SKYCITY is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is Federal House, 86 Federal Street, Auckland. The company is dual-listed on the New Zealand and Australian stock exchanges.

These consolidated financial statements were approved for issue by the Board of directors on 7 August 2018.

In preparing these financial statements SKYCITY has adopted 'streamlined' reporting. Streamlined reporting aims to present the financial statements in a more logical manner and eliminate unnecessary information. This approach is supported by the New Zealand Financial Markets Authority.

(a) Basis of Preparation

The financial statements of the Group have been prepared in accordance with Generally Accepted Accounting Practice ('GAAP'). They comply with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and other applicable Financial Reporting Standards, as applicable for-profit entities. The financial statements also comply with International Financial Reporting Standards ('IFRS').

The Group has a negative working capital balance. The Group has significant available undrawn committed banking facilities totalling $625 million as at 30 June 2018 (refer to note 10) and has the ability to fully pay all debts as they fall due.

The Group is designated as a for-profit entity for financial reporting purposes.

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Group as at 30 June 2018 and the results of all subsidiaries for the year then ended.

Statutory Base

SKYCITY Entertainment Group Limited is a company registered under the Companies Act 1993 and is an FMC reporting entity under Part 7 of the Financial Markets Conduct Act 2013. The financial statements of the Group have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013 and the NZX Main Board Listing Rules.

Measurement Basis

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities and investment properties (including derivative instruments) at fair value through profit or loss.

Critical Accounting Estimates and Judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires the company to exercise its judgement in the process of applying the Group's accounting policies. Judgement is used in the determination of recoverable amount (or value in use) of goodwill and indefinite useful life casino licences.

The Group tests annually whether goodwill and indefinite useful life licences have suffered any impairment, in accordance with the accounting policy stated in note 16. The recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require the use of estimates.

There is sufficient headroom between the value in use calculations and the carrying value of the remaining assets that significant changes in the assumptions used would not require an impairment.

Judgement has been used in determining the appropriate accounting for liquidated damages, as outlined in note 27.

(b) Principles of Consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(c) Foreign Currency Translation

(i) Functional and Presentation Currency

Items included in the financial statements of each of the company's operations are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that operation (functional currency). The consolidated financial statements are presented in New Zealand dollars which is the Group's presentation currency.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on financial assets and liabilities carried at fair value through profit and loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equity classified at fair value through other comprehensive income are included in other comprehensive income.

(iii) Foreign Operations

The results and financial position of foreign entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as outlined below:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

Exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity.

At 30 June 2018, there was a $19.8 million debit balance in the Foreign Currency Translation Reserve associated with SKYCITY Darwin.

(d) Goods and Services Tax (GST)

The Income Statement, Statement of Cash Flows and Statement of Changes in Equity have been prepared so that all components are stated exclusive of GST. All items in the Balance Sheet are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

(e) Statement of Cash Flows

Cash flows associated with derivatives that are part of a hedging relationship are off-set against cash flows associated with the hedged item.

(f) New Accounting Standards Adopted in the Year

There have been no significant changes in accounting policies during the current year. Accounting policies have been applied on a basis consistent with prior year.

(g) Standards, Amendments and Interpretations to Existing Standards that are not yet Effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 July 2018 or later periods, but which the Group has not early adopted. The significant items are:

- **NZ IFRS 15, Revenue from Contracts with Customers**
  (Effective date: periods beginning on or after 1 January 2018). NZ IFRS 15, 'Revenue from Contracts with Customers', deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces NZ IAS 18 'Revenue' and NZ IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group intends to adopt NZ IFRS 15 from 1 July 2018.

  The Group has assessed the impact of NZ IFRS 15. Work focussed on segregating the different revenue streams that exist within the business. The majority of revenue relates to non-complex transactions where there is no material impact on the adoption of NZ IFRS 15. Had the Group adopted this standard effective 1 July 2017, liabilities for loyalty points would have increased by approximately $1m. The Group intends to use the full retrospective approach to applying the new standard.

As part of the assessment of the impact of adopting IFRS 15 and considering current and developing industry practice, the Group is also assessing how certain arrangements with International Business customers should be treated, with the impact being revenue and expenses which are currently disclosed separately being netted against each other.

The Group intends to use the full retrospective approach to applying the new standard.

- **NZ IFRS 16: Leases**
  (Effective date: periods beginning on or after 1 January 2019). NZ IFRS 16, 'Leases', replaces the current guidance in NZ IAS 17. Under NZ IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under NZ IAS 17, a lessee was required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). NZ IFRS 16 now requires a lessee to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. Included is an optional exemption for certain short-term leases and leases of low-value assets.

  This standard will affect the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating leases commitments of $347.2 million (refer note 28).

  Management is completing an initial analysis of the impact on the Group's consolidated balance sheet and income statement of NZ IFRS 16. This requires significant judgement on the incremental borrowing rate used to discount lease assets and liabilities. Given the long term nature of the Group's lease commitments the discount rate has a significant impact on the quantum of change. Indicatively management expects the recognition of a right of use asset and a lease liability of between $30 million and $45 million depending on the final discount rate used. This excludes the impact of the future lease commitments that are not yet effective identified in note 28. The impact on the income statement will be to:

  - reduce operating expenses;
  - increase depreciation; and
  - increase finance costs.

  The overall impact on Net Profit After Taxation is not expected to be significant.

  The above impacts have no cash effect to the Group and the changes are for financial reporting purposes only.

  The Group currently intends to adopt the simplified transition approach under NZ IFRS 16 in the year ending 30 June 2020 and will not restate comparative amounts for the year prior to first adoption.

2 SEGMENT INFORMATION

Accounting Policy

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Chief Executive Officer.

(a) Primary Reporting Format — Business Segments

	SKYCITY AUCKLAND $'000	REST OF NEW ZEALAND $'000	ADELAIDE CASINO $'000	SKYCITY DARWIN $'000	INTER-NATIONAL BUSINESS $'000	CORPORATE/ GROUP $'000	TOTAL $'000
2018							
Revenue from external customers and other income	531,028	65,348	149,396	112,398	139,017	–	997,187
Shares of net profits/(losses) of associates	–	(347)	–	–	–	–	(347)
Expenses	(270,319)	(36,315)	(124,971)	(85,020)	(105,834)	(35,653)	(658,112)
Depreciation and amortisation	(50,385)	(5,401)	(18,287)	(13,515)	–	(6,789)	(94,377)
Segment profit/EBIT	210,324	23,285	6,138	13,863	33,183	(42,442)	244,351
Net finance costs							(12,458)
Profit before income tax							231,893
Segment assets	1,167,809	97,075	515,746	231,801	–	532,077	2,544,508
Net additions to non-current assets (other than financial assets and deferred tax)	96,894	6,582	43,925	10,664	–	158,038	316,103
2017							
Revenue from external customers and other income	514,642	63,056	144,832	110,712	94,825	–	928,067
Expenses	(263,349)	(37,884)	(123,691)	(82,646)	(89,164)	(24,323)	(621,057)
Impairment of goodwill	–	–	–	(99,486)	–	–	(99,486)
Depreciation and amortisation	(50,817)	(5,690)	(17,809)	(13,809)	–	(6,924)	(95,049)
Segment profit/EBIT	200,476	19,482	3,332	(85,229)	5,661	(31,247)	112,475
Net finance costs							(16,712)
Profit before income tax							95,763
Segment assets	1,119,935	56,632	475,169	229,461	–	397,114	2,278,311
Net additions to non-current assets (other than financial assets and deferred tax)	48,130	5,028	23,042	7,890	–	105,127	189,217

(b) Secondary Reporting Format — Geographical Segments

	SEGMENT REVENUES		NON-CURRENT ASSETS EXCLUDING FINANCIAL INSTRUMENTS	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
New Zealand	**661,770**	656,928	**1,658,548**	1,480,510
Australia	**332,809**	270,372	**709,485**	663,092
	994,579	927,300	**2,368,033**	2,143,602

(c) Description of Segments

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer that are used to assess performance and allocate resources.

The Group is organised into the following main operating segments:

SKYCITY Auckland

SKYCITY Auckland includes casino operations, hotels and convention, food and beverage, car parking, Sky Tower, investment properties and a number of other related activities, and excludes International Business customers.

Rest of New Zealand
Rest of New Zealand includes the Group's operations at SKYCITY Hamilton, SKYCITY Queenstown, SKYCITY Wharf and Associates, and excludes International Business customers.

Adelaide Casino
Adelaide Casino includes casino operations and food and beverage, and excludes International Business customers.

SKYCITY Darwin
SKYCITY Darwin includes casino operations, food and beverage and hotel, and excludes International Business customers.

International Business
The International Business segment is made up of international customers sourced mainly from Asia. The revenue is generated at SKYCITY's Auckland, Darwin, Adelaide, Queenstown and Hamilton locations. The results of the segment includes commission and complimentary play.

Corporate/Group
Head office and group-wide functions including legal and regulatory, group finance, human resources, information technology, innovation, the Chief Executive Officer's office and directors. The Group's interest in the New Zealand International Convention Centre is also included here.

3 REVENUE

Accounting Policy

Revenues include gaming, hotel and conventions, food and beverage, Sky Tower, car parking and other revenues. Gaming revenues represent the net win to the casino from gaming activities, being the difference between amounts wagered and amounts won by casino patrons.

Revenues exclude the retail value of hotel rooms, food, beverage and other promotional allowances provided on a complimentary basis to customers.

	2018 $'000	2017 $'000
Gaming win plus non-gaming revenue	**1,094,566**	1,021,259
Less gaming GST	**(99,987)**	(93,959)
Total revenue	**994,579**	927,300
Gaming	**763,141**	704,854
Non-gaming	**231,438**	222,446
Total revenue	**994,579**	927,300

Gaming win represents the gross cash inflows associated with gaming activities and includes GST. "Gaming win plus non-gaming revenue" does not represent revenue as defined by NZ IFRS. The Group has decided to disclose this amount as it gives shareholders and interested parties a better appreciation for the scope of the Group's gaming activities and is consistent with industry practice adopted by casino operations in Australia.

4 OTHER INCOME

	2018 $'000	2017 $'000
Net gain on disposal of property, plant and equipment	**1,071**	762
Dividend income	**6**	5
Rental income from investment properties	**1,531**	-
	2,608	767

5 EXPENSES

	2018 $'000	2017 $'000
Other Expenses Includes:		
Utilities, insurance and rates	**25,506**	23,584
Other property expenses	**14,302**	15,039
Other items (including International Business commissions)	**126,440**	101,616
Minimum lease payments relating to operating leases	**4,870**	4,587
Provision for bad and doubtful debts	**1,688**	7,660
	172,806	152,486
Depreciation and Amortisation		
Depreciation	**82,127**	82,766
Casino licence amortisation (Adelaide)	**5,786**	5,533
Computer software amortisation	**6,464**	6,750
	94,377	95,049

Auditor's Fees

During the year the following fees were paid or are payable for services provided by the auditor of the parent entity and its related practices.

The Group employs PricewaterhouseCoopers on assignments additional to their statutory audit duties where PricewaterhouseCoopers' expertise and experience with the Group are important and auditor independence is not impaired. These assignments are principally tax advice and tax compliance. For other work, the company's External Audit Independence Policy requires that advisers other than PricewaterhouseCoopers should be engaged wherever practical. Other assurance services are defined by the Group where PricewaterhouseCoopers provide assistance with the Group's internal compliance or risk activities.

Tax advisory services relates to ad hoc queries covering a range of tax related matters.

	2018 $'000	2017 $'000
(a) Assurance Services		
Audit Services		
Group Audit	**690**	837
Total remuneration for audit services	**690**	837
Other Assurance Services		
Accounting assistance	**27**	27
IT risk review	**-**	48
Tax compliance services	**100**	100
Total remuneration for other assurance services	**127**	175
Total remuneration for assurance services	**817**	1,012
(b) Other Services		
Taxation advisory services	**406**	322
Executive benchmarking assistance	**121**	72
Total remuneration for other services	**527**	394
Total fees expense	**1,344**	1,406

6 EARNINGS PER SHARE

Accounting Policy

(i) Basic Earnings per Share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted Earnings per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

	2018 $'000	2017 $'000
Basic Earnings per Share		
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**169,519**	44,862
Diluted Earnings per Share		
Profit attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	**170,186**	44,500

	2018 NUMBER	2017 NUMBER
Weighted average number of ordinary shares in issue	**669,112,499**	656,691,523
Adjustments for Calculation of Diluted Earnings per Share:		
Share rights	**2,605,883**	2,623,124
Weighted average number of ordinary shares for diluted earnings per share	**671,718,382**	659,314,647

7 DIVIDENDS

Accounting Policy

Provision is made for the amount of any dividend declared on or before the end of the financial year but not distributed at balance date.

	2018 $'000	2017 $'000
Prior year final dividend	**66,210**	68,457
Current year interim dividend	**67,129**	65,668
Total dividends provided for or paid	**133,339**	134,125
Cents per share		
Prior year final dividend (per share)	**10.0**	10.5
Current year interim dividend (per share)	**10.0**	10.0

On 7 August 2018, the directors resolved to declare a final dividend of 10.0 cents per share in respect of the year ended 30 June 2018 (refer to note 30 for further details).

8 NET FINANCE COSTS

	2018 $'000	2017 $'000
Finance costs	**35,915**	32,303
Exchange (gains)/losses	**(136)**	(534)
Interest income	**(422)**	(1,187)
Capitalised interest (refer Property, Plant and Equipment note 15)	**(22,899)**	(13,870)
Total finance costs	**12,458**	16,712

9 CURRENT LIABILITIES – INTEREST BEARING LIABILITIES

Accounting Policy

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

	2018 $'000	2017 $'000
United States private placement notes	**-**	102,375

Refer note 10(a) for details concerning the US private placement notes.

10 NON-CURRENT LIABILITIES – INTEREST BEARING LIABILITIES

Accounting Policy

Interest bearing liabilities are recognised initially at fair value, net of transaction costs incurred. Apart from US dollar denominated USPP debt issued in March 2018, interest bearing liabilities are subsequently carried at amortised cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. The interest margin on the US dollar denominated USPP debt issued in March 2018 is accounted under IFRS9 as a fair value hedge. Therefore the carrying value of this debt is carried at fair value for the interest rate risk.

	2018 $'000	2017 $'000
Unsecured		
United States private placement notes	**386,658**	157,627
Syndicated bank facility	**-**	10,000
New Zealand bonds	**125,000**	125,000
Deferred funding expenses	**(3,205)**	(3,223)
Total non-current interest bearing liabilities	**508,453**	289,404

(a) United States Private Placement (USPP) Notes

As at 30 June 2018, SKYCITY had US$200.0 million, A$65.4 million and NZ$21.1 million of USPP notes outstanding:

- NZ$21.1 million maturing 15 March 2020
- US$100.0 million maturing 15 March 2021
- US$100.0 million maturing 15 March 2025
- A$65.4 million maturing 15 March 2028

Movements in the outstanding balance in the current year relate to repayment of US$75.0 million and issuance of US$100.0 million and A$65.4 million of USPP notes in March 2018, foreign exchange rate movements of $24.5 million and fair value adjustments of -$2.4 million in relation to fair value hedges.

The US dollar USPP notes have been hedged to NZ dollars or Australian dollars by way of cross currency interest rate swaps to eliminate foreign exchange exposure to the US dollar. The offsetting changes in the value of the cross currency interest rate swaps are included within derivative financial instruments in note 22.

Fair value of USPP debt is estimated at NZ$398.0 million compared to a carrying value of NZ$386.7 million. Fair value has been calculated based on the present value of future principal and interest cash flows, using market interest rates and credit margins at balance date. Fair value is calculated using inputs other than quoted prices that are observable for the liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This is a level 2 valuation.

(b) Syndicated Bank Facility

The syndicated banking facility is provided by ANZ (New Zealand and Australia), Commonwealth Bank of Australia, Bank of New Zealand, National Australia Bank and Westpac (New Zealand and Australia).

As at 30 June 2018, SKYCITY had in place revolving credit facilities of:

- NZ$200.0 million maturing 30 June 2020
- NZ$120.0 million maturing 15 March 2021
- A$280.0 million maturing 31 March 2022.

(c) New Zealand Bond

$125 million of unsubordinated, unsecured, redeemable fixed rate bonds were issued on 28 September 2015 with a maturity of seven years.

The bonds are quoted on the NZDX. As at 30 June 2018, the closing price was $1.03385 per $1 bond. The bonds are carried at amortised cost. The total fair value is $129.2 million and is a level 1 valuation as they are listed securities.

(d) Negative Pledge Deeds

A negative pledge deed has been executed in relation to each of the funding facilities - bank, USPP and New Zealand bonds. In each deed are requirements for minimum guarantee group participation as well as financial covenants. All requirements of the negative pledge deeds have been met as at 30 June 2018.

(e) Weighted Average Interest Rate as at 30 June

	2018		2017	
	%	$'000	%	$'000
Interest bearing liabilities*	**6.21%**	**511,658**	6.70%	395,002

**The weighted average debt interest rate includes the impact of interest rate hedging.*

(f) Net Debt Reconciliation

	2018 $'000	2017 $'000
Net debt		
Cash at bank	**27,198**	11,526
Cash in house	**48,757**	45,201
Borrowings - repayable within one year (including overdraft)	**-**	(102,375)
Borrowings - repayable after one year	**(511,658)**	(292,627)
Net debt	**(435,703)**	(338,275)
Cash at bank and in house	**75,955**	56,727
Gross debt - fixed interest rates	**(490,531)**	(363,875)
Gross debt - variable interest rates	**(21,127)**	(31,127)
Net debt	**(435,703)**	(338,275)

11 NON-CURRENT ASSETS — INVESTMENT PROPERTIES

Accounting Policy

Investment property, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the Group. Investment property is carried at fair value, which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices in less active markets or discounted cash flow projections. These valuations are reviewed annually by a member of the New Zealand Property Institute. Changes in fair values are recorded in the income statement.

	2018 $'000	2017 $'000
At fair value		
Balance at the beginning of the year	-	–
Acquisitions	**36,099**	–
Net (loss) from fair value adjustment	**(799)**	–
Closing balance at 30 June	**35,300**	–

(a) Amounts Recognised in Profit and Loss for Investment Property

	2018 $'000	2017 $'000
Rental income	**1,531**	–
Direct operating expenses from property that generated rental income	**(467)**	–
Net (loss) from fair value adjustment	**(799)**	–
	265	–

(b) Valuation Basis

Investment properties purchased during the year were valued on 30 June 2018 by Bower Valuations Limited and Extensory Advisory Limited, Registered Valuers, Members of the New Zealand Institute of Valuers and the Property Institute of New Zealand, at a total value of $29.2 million. The valuers have recent experience in the location and category of the investment being valued. The basis of the valuation of investment properties is fair value being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases. The $6.1 million purchase price of Investment Properties purchased on 29 June 2018 has been deemed to be fair value.

12 INCOME TAX EXPENSE

Accounting Policy

The income tax expense for the year is the tax payable on the current year's taxable income, based on the income tax rate for each jurisdiction. This is then adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and changes in unused tax losses.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

	2018 $'000	2017 $'000
(a) Income Tax Expense		
Current tax	**54,175**	49,467
Deferred tax	**8,199**	1,434
Income tax expense	**62,374**	50,901
(b) Numerical Reconciliation of Income Tax Expense to Prima Facie Tax Payable		
Profit from continuing operations before income tax expense	**231,893**	95,763
Prima facie income tax @ 28%	**64,930**	26,814
Tax effects of:		
Expenses not deductible for tax purposes	**2,118**	2,687
Foreign exchange rate differences	**(88)**	(433)
Share of partnership expenditure	**(6,399)**	(6,213)
Differences in overseas tax rates	**828**	(2,023)
Asset held for sale	**999**	-
Impairment of goodwill	**-**	30,083
Other	**(14)**	(14)
Income tax expense	**62,374**	50,901

The weighted average applicable tax rate was 26.9% (2017: 53.2%).

13 DEFERRED TAX LIABILITIES

	2018 $'000	2017 $'000
The balance comprises temporary differences attributable to:		
Provisions and accruals	**(14,537)**	(14,378)
Depreciation	**108,611**	106,282
Foreign exchange variances	**141**	521
Tax losses (Australian operations)	**-**	(6,476)
Cash flow hedges	**(9,217)**	(5,542)
Other	**(451)**	(386)
Net deferred tax liabilities	**84,547**	80,021
Movements:		
Balance at the beginning of the year	**80,021**	78,688
Charged to the income statement (note 12)	**8,199**	1,434
Debited to equity reserves	**(3,627)**	(89)
Foreign exchange differences	**(46)**	(12)
Closing balance at 30 June	**84,547**	80,021

14 IMPUTATION AND FRANKING CREDITS

	2018 $'000	2017 $'000
Balances available for use in subsequent reporting periods		
Imputation credit account (New Zealand)	**47,254**	52,034
Franking credit account (Australia)	**3,476**	3,870

As required by relevant tax legislation, the imputation credit account had a credit balance as at 31 March 2018.

15 PROPERTY, PLANT AND EQUIPMENT

Accounting Policy

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives, as below:

Buildings and fitout	5–75 years
Plant, equipment and motor vehicles	2–75 years
Fixtures and fittings	3–20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

	LAND $'000	BUILDINGS AND FITOUT $'000	PLANT, EQUIPMENT AND MOTOR VEHICLES $'000	FIXTURES AND FITTINGS $'000	CAPITAL WORK IN PROGRESS $'000	TOTAL $'000
At 1 July 2016						
Cost	189,771	962,623	384,212	121,093	178,487	1,836,186
Accumulated depreciation	–	(293,948)	(249,401)	(69,775)	–	(613,124)
Net book amount	189,771	668,675	134,811	51,318	178,487	1,223,062
Year Ended 30 June 2017						
Opening net book amount	189,771	668,675	134,811	51,318	178,487	1,223,062
Exchange differences	89	589	146	42	158	1,024
Net additions/transfers	16	13,541	35,411	8,171	126,118	183,257
Depreciation charge (note 5)	–	(27,014)	(43,752)	(12,000)	–	(82,766)
Closing net book amount	189,876	655,791	126,616	47,531	304,763	1,324,577
At 30 June 2017						
Cost	189,876	976,690	412,569	128,629	304,763	2,012,527
Accumulated depreciation	–	(320,899)	(285,953)	(81,098)	–	(687,950)
Net book amount	189,876	655,791	126,616	47,531	304,763	1,324,577
Year ended 30 June 2018						
Opening net book amount	189,876	655,791	126,616	47,531	304,763	1,324,577
Exchange differences	948	6,074	1,509	424	2,183	11,138
Net additions/transfers	-	15,982	37,444	8,725	205,046	267,197
Assets classified as held for sale and other disposals	(9,850)	(12,292)	(31)	(2)	–	(22,175)
Depreciation charge (note 5)	–	(28,675)	(41,458)	(11,994)	–	(82,127)
Closing net book amount	180,974	636,880	124,080	44,684	511,992	1,498,610
At 30 June 2018						
Cost	180,974	985,155	443,233	137,689	511,992	2,259,043
Accumulated depreciation	–	(348,275)	(319,153)	(93,005)	–	(760,433)
Net book amount	180,974	636,880	124,080	44,684	511,992	1,498,610

(a) Capitalised Borrowing Costs

Borrowing costs of $22,898,838 have been capitalised in the current year relating to capital projects (2017: $13,869,753) using the Group's weighted average cost of debt of 6.27% (2017: 6.98%).

(b) Capital Commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities was $490.5 million (2017: $390.9 million). The majority of the 2018 capital commitment relates to the construction of the New Zealand International Convention Centre, the Horizon Hotel, the Adelaide expansion and the purchase of the strata title interests in the AA Centre in Auckland.

(c) Encumbrances

A memorandum of encumbrance is registered against the title of land for the Auckland casino in favour of Auckland Council. Auckland Council requires prior written consent before any transfer, assignment or disposition of the land. The intent of the covenant is to protect the Council's rights under the resource consent, relating to the provision of the bus terminus, public car park and public footpaths around the complex.

A further encumbrance records the Council's interest in relation to the sub soil areas under Federal and Hobson Streets used by SKYCITY as car parking and a vehicle tunnel. The encumbrance is to notify any transferee of the Council's interest as lessor of the sub soil areas.

There are four encumbrances relating to the NZICC site land. One encumbrance protects the rights of the Crown under the NZICC Project and Licensing Agreement, two relate to firewalls between buildings that have now been demolished and the final encumbrance protects the underground vehicle entrance to the car park on the main Auckland casino site. The NZICC site land is also subject to a covenant in favour of the Crown which restricts the subdivision and use of the site to that permitted under the NZICC Project and Licensing Agreement.

16 INTANGIBLE ASSETS

Accounting Policy

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired business at the date of acquisition. Goodwill on acquisitions of businesses is included in Intangible Assets. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Goodwill is allocated to cash generating units for the purpose of impairment testing.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(ii) Casino Licences

The Group's casino licences that have a finite useful life are carried at cost less accumulated amortisation. Amortisation of these casino licences is calculated on a straight line basis so as to expense the cost of the licences over their legal life.

The casino licences that have been determined to have an indefinite useful life for amortisation purposes are not amortised but are reviewed for impairment on an annual basis.

Judgement is exercised in determining whether a casino licence has a finite or indefinite useful life. Consideration is given to the terms and conditions of the relevant licence and in particular the renewal terms.

(iii) Regulatory Reforms Associated with Casino Licences

Regulatory reforms granted which are specific to the Group are initially recognised at their fair value where there is a reasonable assurance that the reforms will be received and the Group will comply with all conditions attached.

Regulatory reforms are recognised as an intangible asset and included within the value of casino licences. Where a regulatory reform is related to property, plant and equipment, once constructed the carrying value of that property, plant and equipment is reduced by the value of the regulatory reforms. Prior to construction of the related property, plant and equipment, the value of the regulatory reforms is accounted for as deferred licence value.

(iv) Acquired Software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life (three to seven years) on a straight line basis.

	GOODWILL $'000	CASINO LICENCES $'000	COMPUTER SOFTWARE $'000	TOTAL $'000
At 1 July 2016				
Cost	134,938	805,818	86,670	1,027,426
Accumulated amortisation	–	(44,477)	(59,692)	(104,169)
Net book amount	134,938	761,341	26,978	923,257
Movements in the Year Ended 30 June 2017				
Exchange differences	334	1,226	17	1,577
Additions	–	–	5,960	5,960
Impairment charge	(99,486)	–	–	(99,486)
Amortisation charge	–	(5,533)	(6,750)	(12,283)
Closing net book amount	35,786	757,034	26,205	819,025
At 30 June 2017				
Cost	35,786	807,152	92,829	935,767
Accumulated amortisation	–	(50,118)	(66,624)	(116,742)
Net book amount	35,786	757,034	26,205	819,025
Movements in the Year Ended 30 June 2018				
Exchange differences	–	12,411	133	12,544
Additions	–	–	12,514	12,514
Amortisation charge	–	(5,786)	(6,464)	(12,250)
Closing net book amount	35,786	763,659	32,388	831,833
At 30 June 2018				
Cost	35,786	821,364	102,842	959,992
Accumulated amortisation	–	(57,705)	(70,454)	(128,159)
Net book amount	35,786	763,659	32,388	831,833

Casino Licence	Contract Term
SKYCITY Auckland Casino (indefinite useful life)	SKYCITY Auckland Limited holds a Casino Premises Licence for the Auckland premises. The initial licence was granted in 1996 for nil consideration, and hence there was no associated initial carrying value. Pursuant to the terms of the New Zealand International Convention Centre Project and Licensing Agreement between Her Majesty the Queen in Right of New Zealand and the Company dated 5 July 2013 (NZICC Agreement), the initial term of the licence was extended to 30 June 2048. The licence can be renewed for further periods of 15 years pursuant to section 138 of the Gambling Act 2003 (NZ). In addition to the licence extension, the Casino Premises Licence was amended to (a) permit the implementation of account based cashless gaming and ticket in ticket out (TITO) gaming systems; (b) permit an increase in the number of gaming machines, gaming tables and automated table games; and (c) implement various other operational improvements. Under the NZICC Agreement, the Company has agreed to construct the NZICC for a total cost of at least $430 million. The reforms (a to c above) are exclusive to the Group and were recorded at fair value based on the estimated incremental benefit over the life of the reforms. The fair value was determined using a discounted cashflow model falling within level 3 of the fair value hierarchy over the life of the reforms. The asset will not be amortised but will be reviewed for impairment annually. The carrying amount of the casino licence is $405 million (FY17: $405 million).
Adelaide Casino (finite useful life)	The casino and associated operations are carried out by SKYCITY Adelaide Pty Limited under a casino licence (the Approved Licensing Agreement (ALA)) dated October 1999 (as amended). Unless terminated earlier, the expiry date of the ALA is 30 June 2085. The term of the ALA can be renewed for a further fixed term pursuant to section 9 of the Casino Act 1997 (SA). The carrying value of the casino licence is amortised over the life of the ALA. The casino licence and associated regulatory reforms asset is amortised over 20 years or 71 years depending on whether the incremental benefit is associated with the exclusivity period or the full licence period. The carrying value of the casino licence is A$293.5 million (FY17: A$298.8 million).
SKYCITY Darwin Casino (indefinite useful life)	The casino and associated operations are carried out by SKYCITY Darwin Pty Limited under a casino licence/operator agreement (the Casino Operator's Agreement) with the Northern Territory Government. The current licence term was extended in 2018 and now expires on 30 June 2036. The Casino Operator's Agreement is subject to extension for a further five years once its period to maturity reaches 15 years. These licence extensions apply on a continuing five year basis so that, subject to certain criteria being met, the licence period is never less than 15 years. The carrying value of the casino licence is A$31.7 million (FY17: A$31.7 million).
SKYCITY Hamilton Casino (indefinite useful life)	SKYCITY Hamilton Limited holds a Casino Premises Licence for the Hamilton premises. The Casino Premises Licence is for an initial 25 year term from 19 September 2002. The licence can be renewed for further periods of 15 years pursuant to section 138 of the Gambling Act 2003 (NZ). As the licence was initially granted for nil consideration, there is no associated carrying value.
SKYCITY Queenstown Casino (indefinite useful life)	Queenstown Casinos Limited holds a Casino Premises Licence for these Queenstown premises. The Casino Premises Licence is for an initial 25 year term from 7 December 2000. The licence can be renewed for further periods of 15 years pursuant to section 138 of the Gambling Act 2003 (NZ). As the licence was initially granted for nil consideration, there is no associated carrying value.
SKYCITY Wharf Casino (Queenstown) (indefinite useful life)	Otago Casinos Limited holds a Casino Premises Licence for these Queenstown premises. The Casino Premises Licence is for an initial 25 year term from 11 September 1999. The licence can be renewed for further periods of 15 years pursuant to section 138 of the Gambling Act 2003 (NZ). The carrying value of the casino licence which arose on SKYCITY's acquisition of Otago Casinos Limited is $4.4 million (FY17: $4.4 million). The asset is not amortised but will be reviewed for impairment annually.

The deferred licence value relating to Auckland ($405.0 million) and Adelaide (NZ$155.8 million, 2017: NZ$150.5 million) included within non-current liabilities will be transferred and offset against property, plant and equipment when the New Zealand International Convention Centre and Adelaide redevelopment, respectively, have been completed.

(a) Impairment Tests for Intangibles with Indefinite Lives

	SKYCITY AUCKLAND $'000	OTAGO CASINOS LIMITED* $'000	SKYCITY HAMILTON* $'000	SKYCITY DARWIN $'000	TOTAL $'000
2018					
Goodwill	**-**	**-**	**35,786**	**-**	**35,786**
Casino Licence	**405,000**	**4,391**	**-**	**34,566**	**443,957**
Total	**405,000**	**4,391**	**35,786**	**34,566**	**479,743**
2017					
Goodwill	–	–	35,786	–	35,786
Casino Licence	405,000	4,391	–	33,374	442,765
Total	405,000	4,391	35,786	33,374	478,551

The recoverable amount of a cash generating unit is determined based on value in use calculations. These calculations use cash flow projections approved by directors which include cash flows in relation to International Business where those cash flows relate to the relevant Cash Generating Unit. There is a surplus between the calculated value in use and the carrying value for each asset.

**SKYCITY Hamilton and Otago Casinos Limited are included within the "Rest of New Zealand" segment in note 2.*

The movement in goodwill is as follows:

	2018 $'000	2017 $'000
Balance at 1 July	**35,786**	134,938
Impairment charge	**-**	(99,486)
Exchange differences	**-**	334
Balance at 30 June	**35,786**	35,786

(b) Key Assumptions used for Value in Use Calculations of Cash Generating Units

	EBITDA MARGIN		GROWTH RATE		DISCOUNT RATE	
	2018 %	2017 %	2018 %	2017 %	2018 %	2017 %
SKYCITY Auckland	**40.9**	40.9	**2.0**	2.0	**9.0**	9.5
SKYCITY Hamilton	**44.5**	43.5	**2.0**	2.0	**9.0**	9.5
SKYCITY Darwin	**21.9**	23.3	**2.5**	–	**9.0**	9.5

These assumptions are consistent with past experience adjusted for economic indicators. The discount rates are post tax and reflect specific risks relating to the relevant operating segment.

(c) Impairment Charge

In the prior year, an impairment of the goodwill associated with SKYCITY Darwin of A$94.6m was recognised. The write-off of Darwin's goodwill was primarily attributable to increased competitive pressures in the gaming machine business. This stems from the unforeseen policy decision in December 2014 by the previous Northern Territory Government to remove the cap on gaming machines in the Territory. This significant increase in competing gaming machines in the catchment area of the casino had an adverse impact on revenue and earnings at SKYCITY Darwin.

17 RECEIVABLES AND PREPAYMENTS

Accounting Policy

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for doubtful debts.

	2018 $'000	2017 $'000
Trade receivables (net)	**14,611**	11,882
Sundry receivables	**8,768**	5,481
Total receivables and prepayments	**23,379**	17,363

Due to the short-term nature of these receivables, their carrying value is assumed to be equal to their fair value.

18 CASH AND BANK BALANCES

	2018 $'000	2017 $'000
Cash at bank	**27,198**	11,526
Cash in house	**48,757**	45,201
Total cash and bank balances	**75,955**	56,727

19 CURRENT ASSETS — NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Accounting Policy

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

	2018 $'000	2017 $'000
Land	**9,850**	–
Buildings	**12,292**	–
Plant and equipment	**33**	–
Total	**22,175**	–

20 PAYABLES

Accounting Policy

Payables are stated at fair value or estimated liability where accrued.

	2018 $'000	2017 $'000
Trade payables	**32,118**	16,945
Liquidated damages (refer note 27(b))	**26,931**	-
Deferred income	**1,738**	1,061
Accrued expenses	**89,145**	81,331
Employee benefits	**42,747**	37,233
Total payables	**192,679**	136,570

21 SHARE CAPITAL

	2018 SHARES	2017 SHARES	2018 $'000	2017 $'000
Opening balance of ordinary shares issued	**667,376,523**	656,986,761	**1,100,792**	1,055,737
Share rights issued for employee services	**-**	-	**2,983**	736
Employee share entitlements issued	**-**	204,689	**-**	-
Treasury shares issued	**-**	(204,689)	**-**	-
Net issue/(purchase) of treasury shares	**-**	-	**228**	(192)
Shares issued under dividend reinvestment plan	**12,965,585**	10,389,762	**48,257**	44,511
	680,342,108	667,376,523	**1,152,260**	1,100,792

All ordinary shares rank equally with one vote attached to each fully-paid ordinary share.

Included within the number of shares is 5,515,841 treasury shares (2017: 5,515,841) held by the company. The movement in treasury shares during the prior year related to the issuance of shares under the employee incentive plans and purchases of shares by an external trustee as part of the executive long term incentive plan (refer note 24). Treasury shares may be used to issue shares under the company's employee incentive plans or upon the exercise of share rights/options.

22 DERIVATIVE FINANCIAL INSTRUMENTS

Accounting Policy

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

(1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or

(2) hedges of exposures to variability in cash flows associated with recognised assets or liabilities or highly probable forecast transactions (cash flow hedges).

Fair Value Hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the Income Statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cash Flow Hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recognised in the income statement in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place).

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised in the income statement when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is transferred to the income statement.

Derivatives that do not Qualify for Hedge Accounting

Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised in the income statement.

	NOTIONAL VALUE		FAIR VALUE	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Current Assets				
Cross currency interest rate swaps – cash flow hedges	**-**	102,375	**-**	6,384
Forward foreign exchange contracts	**-**	81,078	**-**	1,713
Total current derivative financial instrument assets	**-**	183,453	**-**	8,097
Non-current Assets				
Interest rate swaps – cash flow hedges	**50,000**	100,517	**71**	2,275
Cross-currency interest rate swaps - cash flow hedges	**110,106**	106,308	**42,526**	41,142
Total non-current derivative financial instrument assets	**160,106**	206,825	**42,597**	43,417
Current Liabilities				
Forward foreign currency contracts	**61,607**	71,959	**86**	362
Interest rate swaps – cash flow hedges	**80,000**	98,100	**448**	2,192
Total current derivative financial instrument liabilities	**141,607**	170,059	**534**	2,554
Non-current Liabilities				
Interest rate swaps – cash flow hedges	**399,682**	456,450	**24,742**	24,307
Cross-currency interest rate swaps – cash flow hedges	**148,346**	-	**4,028**	-
Total non-current derivative financial instrument liabilities	**548,028**	456,450	**28,770**	24,307
Total net derivative financial instruments			**13,293**	24,653

A component of the interest margin in US$100.0 million of these CCIRS is treated as a fair value hedge.

23 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risks (including currency and interest rate risk), liquidity risk, and credit risk. The Group's overall risk management programme recognises the nature of these risks and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury department under a formal Treasury Policy approved by the Board of directors. The Treasury Policy sets out written principles for overall risk management, as well as policies covering specific areas such as currency risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess funds. The Treasury Policy sets conservative limits for allowable risk exposures which are formally reviewed at least annually.

(a) Market Risk

(i) Currency Risk

The Group operates internationally and is exposed to currency risk, primarily with respect to Australian and US dollars. Exposure to the Australian dollar arises from the Group's investment in, and intercompany loans to, its Australian operations. Exposure to the US dollar arises from funding denominated in that currency.

The Group utilises natural hedges wherever possible with forward foreign exchange contracts used to manage any significant residual risk to the income statement.

The Group's exposure to the US dollar (refer to US private placement notes detailed in note 10) has been fully hedged by way of cross currency interest rate swaps (CCIRS), hedging US dollar exposure on both principal and interest. The CCIRS correspond in amount and maturity to the US dollar borrowings with no residual US dollar exposure.

(ii) Interest Rate Risk

The Group's interest rate risk arises from long-term borrowings.

Interest rate swaps (IRS) and CCIRS are utilised to modify the interest repricing profile of the Group's debt to match the profile required by Treasury Policy. All IRS and CCIRS are in designated hedging relationships that are highly effective.

As the Group has no significant interest bearing assets, the Group's revenue is substantially independent of changes in market interest rates.

(iii) Summarised Sensitivity Analysis

SKYCITY manages its interest rate and foreign exchange rate exposure to minimise the impact of fluctuations in the market. The residual exposure is not considered material or significant.

(b) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its financial obligations. SKYCITY is largely a cash based business and its material credit risks arise mainly from financial instruments utilised in funding and from International Business activity.

Financial instruments (other than International Business discussed below) that potentially create a credit exposure can only be entered into with counterparties that are explicitly approved by the Board. Maximum credit limits for each of these parties are approved on the basis of long term credit rating (Standard & Poor's or Moody's). A minimum long term rating of A+ (S&P) or A1 (Moody's) is required to approve individual counterparties.

The maximum credit risk of any financial instrument at any time is the fair value where that instrument is an asset. All derivatives are carried at fair value in the balance sheet. Trade receivables are presented net of an allowance for estimated doubtful receivables.

International Business activity is managed in accordance with accepted industry practice. Settlement risk associated with International Business customers is minimised through credit checking and a formal review and approval process.

There are no significant concentrations of credit risk in the Group.

(c) Liquidity Risk

Liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of unutilised committed credit facilities. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and maintaining flexibility in funding by keeping committed credit lines available with a variety of counterparties and maturities.

Maturities of Committed Funding Facilities

Debt maturities are detailed in note 10.

(d) Fair Value Estimation

The financial instruments are measured in the balance sheet at fair value by level of the fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Other than the New Zealand bonds, which are listed on the NZDX and therefore level 1, all SKYCITY financial instruments, which includes cross-currency interest rate swaps, interest rate swaps and forward foreign currency contracts, are valued using level two in the above fair value measurement hierarchy.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Specific valuation techniques used to value financial instruments include:

- The fair value of interest rate swaps and cross currency interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves; and
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.

Further details on derivatives are provided in note 22.

(e) Capital Risk Management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern and to maximise returns for shareholders and benefits for other stakeholders over the long term.

In order to optimise its capital structure, the Group manages actual and forecast operational cash flows, capital expenditure and equity distributions.

The Group primarily manages capital on the basis of gearing measured as a ratio of net debt (debt at hedged exchange rates less cash at bank) to EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) and interest coverage (EBITDA relative to net interest cost).

The primary ratios were as follows at 30 June:

	2018	2017
Gearing ratio	**1.3 x**	1.1 x
Interest coverage	**9.5 x**	10.3 x

These types of ratios are consistent with the financial covenants in the Group's various funding facilities. Actual gearing ratio and interest cover as at 30 June 2018 were within covenant limits on funding facilities.

24 SHARE-BASED PAYMENTS

Accounting Policy

SKYCITY operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the share rights is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the share rights granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). At each balance sheet date, the company revises its estimates of the number of shares expected to be distributed. It recognises the impact of the revision of original estimates, if any, in the Income Statement, and a corresponding adjustment to equity over the remaining vesting period.

Current Plans

2009 Executive Long Term Incentive Plan

Under this plan, executives purchase SKYCITY shares funded by an interest-free loan from the Group. The shares purchased by the executives are held by a trustee company with executives entitled to exercise the voting rights attached to the shares and receive dividends, the proceeds of which are used to repay the interest-free loan.

At the end of the restricted period (three to four years), the Group will pay a bonus to each executive to the extent their performance targets have been met which is sufficient to repay the initial interest-free loan associated with the shares which vest. The shares upon which performance targets have been met will then fully vest to the executives. The loan owing on shares upon which performance targets have not been met (the forfeited shares) will be novated from the executives to the trustee company and will be fully repaid by the transfer of the forfeited shares. Performance targets relate to total shareholder return relative to other comparable companies.

At 30 June 2018, the interest free loans on the Executive Long Term Incentive Plan total $8,352,332 (2017: $8,712,764).

2017 Chief Executive Officer commencement shares

Effective 4 November 2016, the newly appointed Chief Executive Officer was granted 325,000 ordinary shares to be issued on 3 November 2018. There are no performance targets associated with these shares, and there is no right to dividends in the intervening period.

2018 Chief Operating Officer commencement shares

Effective 18 November 2017, the newly appointed Chief Operating Officer was granted 35,000 ordinary shares to be issued on 1 November 2019. There are no performance targets associated with these shares, and there is no right to dividends in the intervening period.

2018 SKYCITY Restricted Share Rights Plan

The 2018 Short Term Incentive Plan was changed for selected senior staff. For approximately 116 staff the 2018 short term incentive has been replaced with restricted share rights. These rights will be issued to staff after the finalisation of the Group's results. Each right converts to one share provided the staff member continues to be employed by the Group on 30 June 2020.

Outstanding Rights and Shares

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

GRANT DATE	EXPIRY DATE	BALANCE AT START OF THE YEAR NUMBER	GRANTED DURING THE YEAR NUMBER	EXERCISED DURING THE YEAR NUMBER	EXPIRED DURING THE YEAR NUMBER	BALANCE AT END OF THE YEAR NUMBER
2018						
28/08/13	28/08/17	**493,124**	**-**	**-**	**(493,124)**	**-**
27/08/14	27/08/18	**665,000**	**-**	**-**	**(110,000)**	**555,000**
26/08/15	28/08/19	**515,000**	**-**	**-**	**(135,000)**	**380,000**
24/08/16	24/08/20	**625,000**	**-**	**-**	**(210,000)**	**415,000**
04/11/16	03/11/18	**325,000**	**-**	**-**	**-**	**325,000**
23/08/17	23/08/21	**-**	**1,015,883**	**-**	**(105,000)**	**910,883**
18/11/17	18/11/19	**-**	**35,000**	**-**	**-**	**35,000**
Total		**2,623,124**	**1,050,883**	**-**	**(1,053,124)**	**2,620,883**
2017						
29/08/12	29/08/16	400,100	–	–	(400,100)	–
28/08/13	28/08/17	818,750	–	(204,689)	(120,937)	493,124
27/08/14	27/08/18	780,000	–	–	(115,000)	665,000
26/08/15	28/08/19	620,000	–	–	(105,000)	515,000
24/08/16	24/08/20	–	685,000	–	(60,000)	625,000
04/11/16	03/11/18	–	325,000	–	–	325,000
Total		2,618,850	1,010,000	(204,689)	(801,037)	2,623,124

The weighted average remaining contractual life of rights outstanding at the end of the period was 1.69 years (2017: 1.67 years).

Fair Value of Share Rights Granted

The assessed fair value at grant date of the rights granted on 23 August 2017 was $1.28 (24 August 2016 was $1.56). This was calculated using the single index model by Ernst & Young Transaction Advisory Services Limited.

The valuation inputs for the rights granted on 23 August 2017 included:

(a) rights are granted for no consideration

(b) exercise price: nil (2017: nil)

(c) share price at grant date: $3.90 (2017: $4.94)

The expected price volatility is derived by analysing the historic volatility over a recent historical period similar to the term of the right.

Fair Value of Chief Executive Officer commencement shares granted

The assessed fair value at grant date of the commencement shares granted on 4 November 2016 was $2.68. This was calculated using the European call option model by Ernst & Young Transaction Advisory Services Limited.

The valuation inputs for the Commencement Shares granted on 4 November 2016 included:

(a) granted for no consideration

(b) exercise price nil

(c) share price at grant date: $3.62

The expected price volatility is derived by analysing the historic volatility over a recent historical period similar to the term of the commencement shares.

Fair Value of Chief Operating Officer commencement shares granted

The assessed fair value at grant date of the commencement shares granted on 18 November 2017 was $2.68. This was calculated using the European call option model by Ernst & Young Transaction Advisory Services Limited.

The valuation inputs for the Commencement Shares granted on 18 November 2017 included:

(a) granted for no consideration

(b) exercise price: nil

(c) share price at grant date: $3.57

The expected price volatility is derived by analysing the historic volatility over a recent historical period similar to the term of the commencement shares.

Fair Value of SKYCITY Restricted Share Rights

The assessed fair value of each right was determined by Ernst & Young Transaction Advisory Services Limited at $3.02. The exact number of rights to be issued will not be determined until after the finalisation of the Group's results.

Expenses Arising from Share-Based Payment Transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2018 $'000	2017 $'000
Rights issued under Share Rights Plans	**2,983**	736

25 RELATED PARTY TRANSACTIONS

(a) Key Management Personnel Compensation

Key management compensation is set out below. The key management personnel are all the directors of the company, the Chief Executive Officer and the Senior Leadership Team.

	SHORT-TERM BENEFITS $'000	SHARE-BASED PAYMENTS $'000	TOTAL $'000
2018	**9,061**	**1,730**	**10,791**
2017	5,668	398	6,066

(b) Other Transactions with Key Management Personnel or Entities Related to Them

Certain directors and management have relevant interests in a number of companies with which SKYCITY has transactions in the normal course of business. A number of SKYCITY directors are also non-executive directors of other companies, and a register of directors' interests is maintained. Any transactions undertaken with these entities have been entered into in the normal course of business.

Certain directors and management hold shares in SKYCITY and receive dividends in the normal course of business.

(c) Subsidiaries

Interests in subsidiaries are set out in note 26.

26 SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following significant subsidiaries in accordance with the accounting policy described in note 1(b):

NAME OF ENTITY	PRINCIPAL PLACE OF BUSINESS	CLASS OF SHARES	EQUITY HOLDING 2018	EQUITY HOLDING 2017
New Zealand International Convention Centre Limited	New Zealand	Ordinary	**100%**	100%
Otago Casinos Limited	New Zealand	Ordinary	**100%**	100%
Queenstown Casinos Limited	New Zealand	Ordinary	**100%**	100%
Sky Tower Limited	New Zealand	Ordinary	**100%**	100%
SKYCITY Action Management Limited	New Zealand	Ordinary	**100%**	100%
SKYCITY Auckland Holdings Limited	New Zealand	Ordinary	**100%**	100%
SKYCITY Auckland Limited	New Zealand	Ordinary	**100%**	100%
SKYCITY Casino Management Limited	New Zealand	Ordinary	**100%**	100%
SKYCITY Hamilton Limited	New Zealand	Ordinary	**100%**	100%
SKYCITY International Holdings Limited	New Zealand	Ordinary	**100%**	100%
SKYCITY Investments Australia Limited	New Zealand	Ordinary	**100%**	100%
SKYCITY Investments Queenstown Limited	New Zealand	Ordinary	**100%**	100%
SKYCITY Management Limited	New Zealand	Ordinary	**100%**	100%
SKYCITY Wellington Limited	New Zealand	Ordinary	**100%**	100%
SKYCITY Adelaide Pty Limited	Australia	Ordinary	**100%**	100%
SKYCITY Australia Finance Pty Limited	Australia	Ordinary	**100%**	100%
SKYCITY Australian Limited Partnership	Australia	Ordinary	**100%**	100%
SKYCITY Australia Pty Limited	Australia	Ordinary	**100%**	100%
SKYCITY Darwin Pty Limited	Australia	Ordinary	**100%**	100%
SKYCITY Treasury Australia Pty Limited	Australia	Ordinary	**100%**	100%
Horizon Tourism Limited	Hong Kong	Ordinary	**100%**	100%
SKYCITY Investment Holdings Limited	Hong Kong	Ordinary	**100%**	100%

All wholly-owned subsidiary companies and significant partly-owned subsidiaries have balance dates of 30 June.

27 CONTINGENCIES

(a) Contingent liabilities

The Group has no contingent liabilities at 30 June 2018.

(b) Contingent assets

Included within the Fletcher Construction Company Limited (FCC) construction contracts for the NZICC and Horizon Hotel is the right to liquidated damages if certain milestones are not met. To date SKYCITY has withheld $26.9 million from payments to FCC for liquidated damages. The amounts withheld have been recognised as part of current liabilities (refer note 20) as ultimate recovery is not able to be considered virtually certain due to the fact that SKYCITY's right to retain these liquidated damages is disputed by FCC.

Additional future costs expected to be incurred by SKYCITY due to delays in the NZICC and Horizon Hotel project are expected to be covered by liquidated damages.

There are no other significant contingencies at year end (2017: nil).

28 COMMITMENTS

Operating Lease Commitments

The Group leases various offices and other premises under non-cancellable operating leases. These leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

	2018 $'000	2017 $'000
Within one year	**4,947**	4,266
Later than one year but not later than five years	**13,150**	11,754
Later than five years	**329,068**	329,565
Commitments not recognised in the financial statements	**347,165**	345,585

The above operating lease summary includes a large number of leases, the most significant of which are:

- SKYCITY Auckland - Hobson and Federal Streets sub soil lease: This lease is for a period of 999 years from 31 January 1996 with rent reviews every five years.
- Adelaide Casino building lease: The initial lease term is until 3 March 2025 with three further rights of renewal for 20 years each and annual rent reviews.

In addition to the operating lease summary above the Group has commitments to the following leases which are not yet effective:

- Adelaide: 750 car park spaces
- Auckland: NZICC air bridge across Hobson Street.

29 RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2018 $'000	2017 $'000
Profit for the year	**169,519**	44,862
Depreciation and amortisation	**94,377**	95,049
Net finance costs	**12,458**	16,712
Current period employee share expense	**2,983**	736
Gain on sale of fixed assets	**(1,071)**	(762)
Fair value adjustment to investment property	**799**	-
Impairment of goodwill	**-**	99,486
Share of profits/(losses) of associates	**347**	-
Change in operating assets and liabilities		
Change in receivables and prepayments	**(6,016)**	19,175
Change in inventories	**(533)**	668
Change in payables	**56,109**	(1,348)
Change in deferred tax liability	**4,526**	1,333
Change in tax receivable – current	**(2,731)**	4,847
Change in provisions	**345**	(1,182)
Change in tax payable – current	**(6,365)**	13,741
Capital items included in working capital movements	**(35,658)**	(13,793)
Net cash inflow from operating activities	**289,089**	279,524

30 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

(a) Dividend

On 7 August 2018, the directors resolved to provide for a final dividend to be paid in respect of the year ended 30 June 2018. The fully imputed, unfranked dividend of 10.0 cents per share will be paid on 14 September 2018 to all shareholders on the company's register at the close of business on 31 August 2018.

(b) Auckland AA Centre

On 19 July 2018, the company settled the purchase of the strata title interests in the AA Centre in Auckland for a total consideration of $47 million.

	FY18				FY17			
	REVENUE $M	EBITDA $M	EBIT $M	NPAT $M	REVENUE $M	EBITDA $M	EBIT $M	NPAT $M
Normalised	**1,100.8**	**338.2**	**243.8**	**169.9**	1,028.9	320.4	225.4	153.8
International Business at Theoretical	**(4.0)**	**0.5**	**0.5**	**(0.4)**	(6.9)	(13.4)	(13.4)	(9.4)
Asset write-offs	**-**	**-**	**-**	**-**	-	-	(99.5)	(99.5)
Reported	**1,096.8**	**338.7**	**244.4**	**169.5**	1,022.0	307.0	112.5	44.9

SKYCITY's objective of producing normalised financial information is to provide data that is useful to the investment community in understanding the underlying operations of the Group.

Total revenues are gaming win plus non-gaming revenues.

Normalisation adjustments have been calculated in a consistent manner in FY18 and FY17.

FY18 adjustments

- None

FY17 adjustments

- Impairment of Darwin goodwill, A$94.6m (NZ$99.5 million)

The actual win rate on International Business was 1.32% for FY18 (FY17: 1.27%).

GRI CONTENT INDEX

GENERAL STANDARD DISCLOSURES

SECTION	ASPECT / GRI DISCLOSURE	DESCRIPTION	PUBLICATION	PAGE(S)	LIMITATIONS	EXTERNAL ASSURANCE
Organisational profile	102-1	Name of organisation	Annual Report 2018: About SKYCITY	6		
	102-2	Activities, brands, products and services	Annual Report 2018: About SKYCITY Annual Report 2018: Our Business	7 8		
	102-3	Location of headquarters	Annual Report 2018: Directory	130		
	102-4	Location of operations	Annual Report 2018: About SKYCITY	6-7		
	102-5	Ownership and legal form	Annual Report 2018: Notes to the Financial Statements Annual Report 2018: Shareholder and Bondholder Information	97 80-81		
	102-6	Markets served	Annual Report 2018: About SKYCITY	6-7		
	102-7	Scale of organisation				
		i. Total number of employees	Annual Report 2018: Our People	40		Yes
		ii. Total number of operations	Annual Report 2018: About SKYCITY Annual Report 2018: Our Business	7 8		
		iii. Net sales	Annual Report 2018: Income Statement	92		Yes
		iv. Total capitalisation	Annual Report 2018: Balance Sheet	94		Yes
		v. Quantity of products and services provided	Annual Report 2018: Our Business	8		
		Additional information	Annual Report 2018			
	102-8	Information on employees and other workers	Annual Report 2018: Our People	40-41	Note 1	Yes

SECTION	ASPECT / GRI DISCLOSURE	DESCRIPTION	PUBLICATION	PAGE(S)	LIMITATIONS	EXTERNAL ASSURANCE
Organisational profile	102-9	Supply chain	Annual Report 2018: Our Suppliers	53-55		
	102-10	Significant changes to the organisation and its supply chain	No changes			
	102-11	Precautionary principle or approach	SKYCITY Ethical Sourcing Code			
	102-12	External initiatives	Annual Report 2018: Our Sustainability Annual Report 2018: Our People Annual Report 2018: Our Environment	33 38-39 47		
Strategy	102-14	Statement from senior decision-maker	Annual Report 2018: Chairman's Review	14-15		
Ethics and Integrity	102-16	Values, principles, standards and norms of behaviour	SKYCITY Code of Business Practice			
Governance	102-18	Governance structure	Annual Report 2018: Corporate Governance Statement	59-67		
Stakeholder engagement	102-40	List of stakeholder groups	Annual Report 2018: Our Sustainability	31		
	102-41	Collective bargaining agreements	Annual Report 2018: Our People	41		Yes
	102-42	Identifying and selecting stakeholders	Annual Report 2018: Our Sustainability	31		
	102-43	Approach to stakeholder engagement	Annual Report 2018: Our Sustainability	31		
	102-44	Key topics and concerns raised	Annual Report 2018: Our Sustainability	31-32		
Reporting practice	102-45	Entities included in the consolidated financial statements	Annual Report 2018: Subsidiaries	122		
	102-46	Defining report content and topic boundaries	Annual Report 2018: Our Sustainability	31-33		
	102-47	List of material topics	Annual Report 2018: Our Sustainability	32		
	102-48	Restatements of information	Annual Report 2018: Our Environment	48		
	102-49	Changes in reporting	Annual Report 2018: About SKYCITY	6		
	102-50	Reporting period	Annual Report 2018: About SKYCITY	6		
	102-51	Date of most recent report	Annual Report 2018: About SKYCITY	6		

SECTION	ASPECT / GRI DISCLOSURE	DESCRIPTION	PUBLICATION	PAGE(S)	LIMITATIONS	EXTERNAL ASSURANCE
Reporting practice	102-52	Reporting cycle	Annual Report 2018: About SKYCITY	6		
	102-53	Contact point for questions regarding the report	Annual Report 2018: Our Sustainability	33		
	102-54	Claims of reporting in accordance with the GRI standards	Annual Report 2018: About SKYCITY	6		

Limitations:

Note 1 – The reporting on GRI 102-8 on employees and other workers does not include 'activities performed by workers who are not employees' and 'significant variations in numbers reported'.

SPECIFIC STANDARD DISCLOSURES

SECTION	ASPECT / GRI DISCLOSURE	DESCRIPTION	PUBLICATION	PAGE(S)	LIMITATIONS	EXTERNAL ASSURANCE
Conserve the Environment	GRI 103	Energy management approach	Annual Report 2018: Our Environment	47-49		
	GRI 302-3	Energy intensity	Annual Report 2018: Our Environment	51		
	GRI 103	Emissions management approach	Annual Report 2018: Our Environment	47-48		
	GRI 305-4	GHG emissions intensity	Annual Report 2018: Our Environment	52		
Source Ethically and Responsibly	GRI 103	Ethical and sustainable procurement management approach	Annual Report 2018: Our Suppliers	53-55		
Inspire Our People	GRI 103	Health and safety management approach	Annual Report 2018: Health and Safety	13 37-38		
	GRI 403-2	Types and rates of injury	Annual Report 2018: Health and Safety	13 37		
	GRI 103	Employee engagement management approach	Annual Report 2018: Our People	34-40		
	GRI 404-2	Employee programmes	Annual Report 2018: Our People	38-40		
	GRI 103	Diversity, inclusion and belonging management approach	Annual Report 2018: Our People	34-40		

SECTION	ASPECT / GRI DISCLOSURE	DESCRIPTION	PUBLICATION	PAGE(S)	LIMITATIONS	EXTERNAL ASSURANCE
Inspire Our People	GRI 405-1	Governance and employee diversity	Annual Report 2018: Our People	35		
Host Responsibly	GRI 103	Customer health and safety management approach	Annual Report 2018: Our Customers	42-44		
	GRI 416-1	Assessment of health and safety of products and services	Annual Report 2018: Our Customers	42-44		
	GRI 416-2	Non-compliance incidents related to health and safety of products and services	Annual Report 2018: Our Customers	42-44		
	GRI 103	Socio-economic compliance management approach	Annual Report 2018: Our Customers	42-44		
	GRI 419-1	Non-compliance with socio-economic laws and regulations	Annual Report 2018: Our Customers	42-44	Note 1	

Limitations:

Note 1 – The reporting of GRI 419-1 on Non-compliance with Socio-Economic Laws and Regulations does not include economic laws and regulations.

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