SKYCITY Entertainment Group Limited
Federal House 86 Federal Street
PO Box 6443 Wellesley Street
Auckland New Zealand
Telephone +64 (0)9 363 6141
Facsimile +64 (0)9 363 6140
www.skycitygroup.co.nz

27 March 2018

Client Market Services
NZX Limited
Level 1, NZX Centre
11 Cable Street
WELLINGTON

Copy to:

ASX Market Announcements
Australian Stock Exchange
Exchange Centre
Level 6
20 Bridge Street
Sydney NSW 2000
AUSTRALIA

RE: SKYCITY ENTERTAINMENT GROUP LIMITED (SKC)
INVESTOR DAY PRESENTATION

Please find **attached** a copy of the investor presentation to be delivered by the company at a SKYCITY hosted investor day in Auckland today.

For any further information concerning the investor presentation, please contact:

Ben Kay
GM Corporate Development & Investor Relations
Email: ben.kay@skycity.co.nz
Phone: +64 (9) 363 6067

Yours faithfully

Jo Wong
Company Secretary

2018 Investor Day

Investor Presentation

27 March 2018

SKYCITY ENTERTAINMENT GROUP

Disclaimer

- All information included in this presentation is provided as at 27 March 2018
- This presentation includes a number of forward-looking statements. Forward-looking statements, by their nature, involve inherent risks and uncertainties. Many of those risks and uncertainties are matters which are beyond SKYCITY's control and could cause actual results to differ from those predicted. Variations could either be materially positive or materially negative
- This presentation has not taken into account any particular investors investment objectives or other circumstances. Investors are encouraged to make an independent assessment of SKYCITY
- All figures in NZ$ unless otherwise stated

Agenda

SKYCITY

Time	Event
9am	Welcome and housekeeping
9.05am	Strategic context
9.25am	Strategic overview and portfolio review
9.45am	Existing operations
10.30am	Break: morning tea
10.45am	Major projects
11.15am	Capital allocation and financial settings
11.45am	CSR / people and sustainability initiatives
12.15pm	View from the Chairman and closing remarks
12.30pm	Break: lunch
1pm	Breakout session 1 (optional) – accounting workshop
1.30pm	Breakout session 2 (optional) – property tour (including NZICC & Hobson St hotel development site)
2.30pm	Close

Today's presenters


Rob Campbell, Chairman


Graeme Stephens, CEO


Rob Hamilton, CFO


Michael Ahearne, COO


Claire Walker, GM Human Resources


Liza McNally, CMO


Stewart Neish, IB President


Callum Mallett, GM NZICC Operations


Luke Walker, GM Adelaide Casino


Ben Kay, GM Corporate Development & IR

Strategic Context

What is SKYCITY? Our business

Location	Opened / Acquired	Activities Summary
Auckland, NZ	Opened in 1996	1,877 EGMs, 150 tables, 240 ATGs ~630 hotel rooms ~20 restaurants and bars ~3,000 employees
Hamilton, NZ	Opened in 2002 Acquired 100% ownership in 2005	339 EGMs, 23 tables ~400 employees
Queenstown, NZ	**SKYCITY Queenstown** Acquired 100% ownership in 2012 **Wharf Casino** Acquired in 2013	**SKYCITY Queenstown** 86 EGMs, 12 tables **Wharf Casino** 74 EGMs, 6 tables ~100 employees
Adelaide, South Australia, Australia	Acquired in 2000	900 EGMs*, 70 tables** ~1,200 employees *Allowance for 1,500. **Allowance for 200.
Darwin, Northern Territory, Australia	Acquired in 2004	600 EGMs, 40 tables (no limits) 152 hotel rooms ~800 employees

Diversified business by activity and geography – currently ~4,100 EGMs, ~300 tables, ~800 hotel rooms and ~6,000 employees across the group

What is SKYCITY? Our licences

Exclusive casino licence to 2036 (for top 700kms of NT)

Exclusive casino licence to 2035 (for entire state of SA) – full licence term to 2085

Exclusive casino licence to 2048

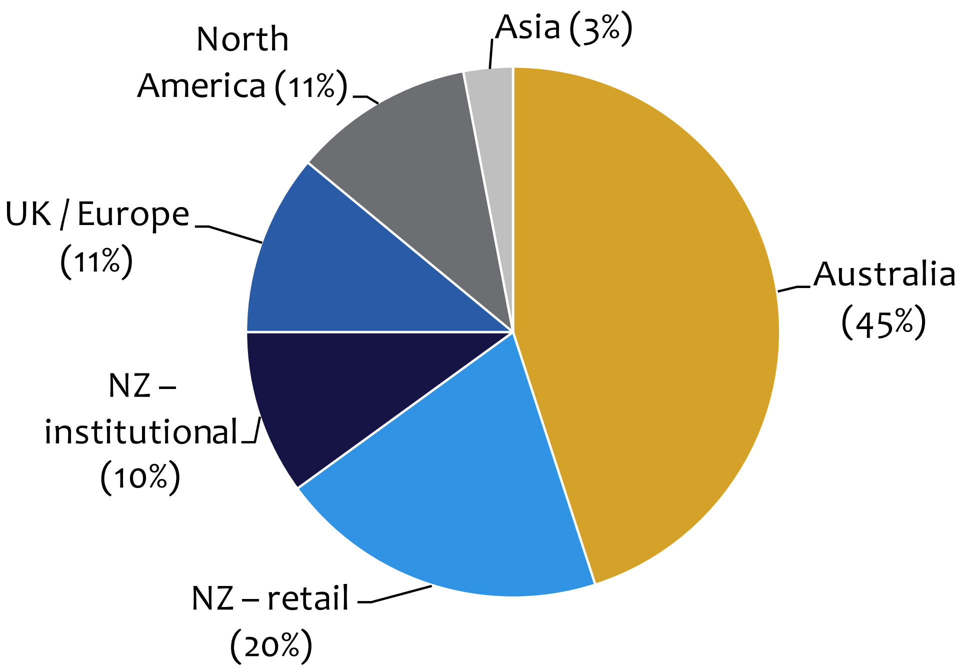
Exclusive casino licence to 2027

Exclusive casino licences to 2024 (Wharf) and 2025 (Queenstown)

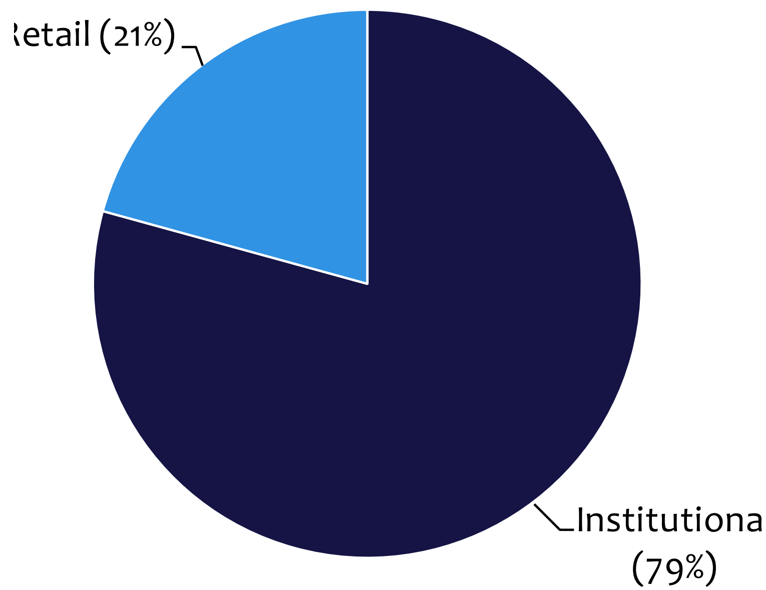
Long-term exclusive casino licences secured in all jurisdictions

What is SKYCITY? Our owners

Shareholder mix by geography (February 2018) (%)



Shareholder mix by investor type (Retail vs. Institutional) (February 2018) (%)



Open, diversified shareholder base with largest shareholder owning ~8% of the company – top 10 shareholders represent ~40% of issued capital (as at February 2018)

What is SKYCITY? Our customers

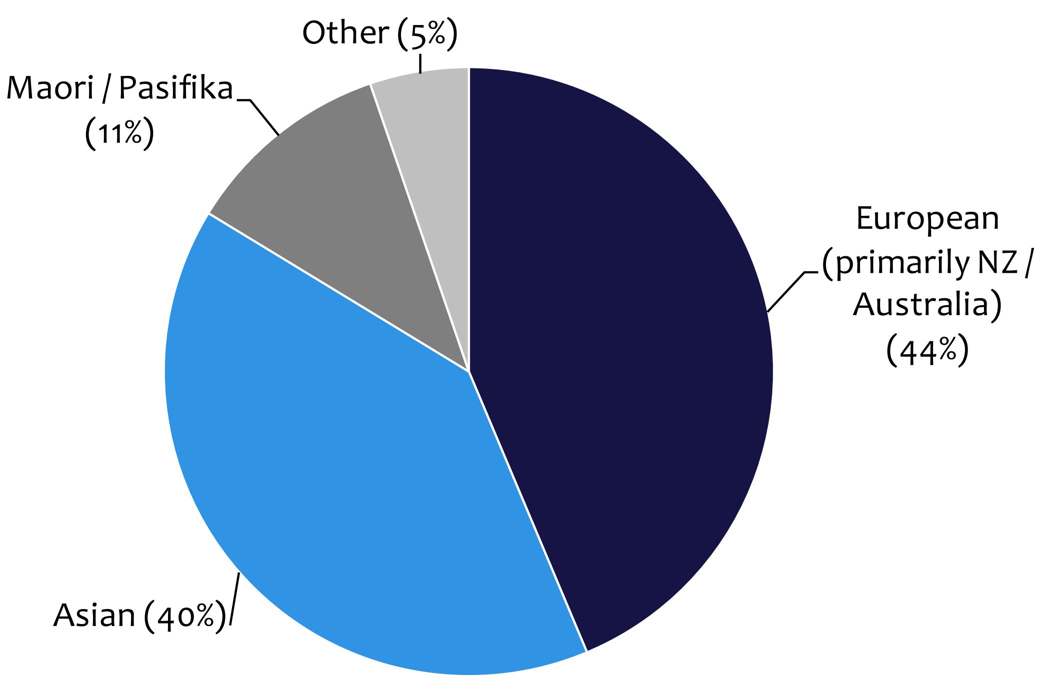
- Diverse by age, preferences and demographic

- Have benefited from growing population and supportive demographics, particularly in Auckland

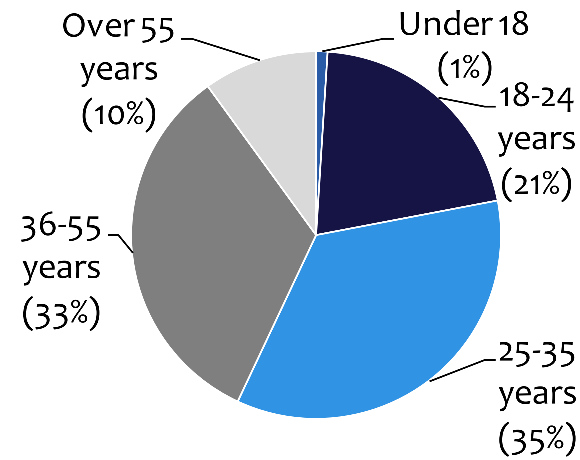
Key Customer Themes	
Customer first	Customers shape how solutions / services are designed to drive loyalty
Experiences	Aspire to deliver excellence at each customer touch point Increasing requirement for digital / technology-led services
Loyalty	Rewards and recognition important to add value to customers which (in turn) creates value for SKYCITY

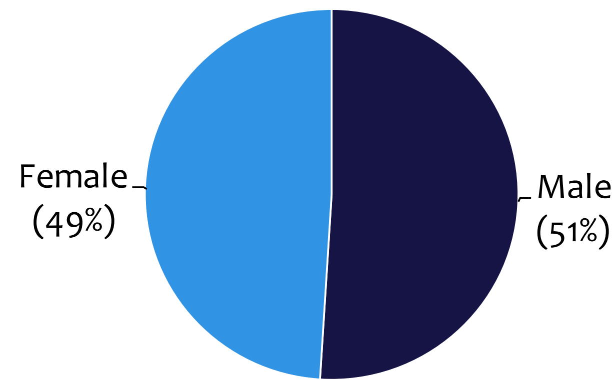
What is SKYCITY? Our employees

Employees by ethnicity[1]



Employees by age[1]



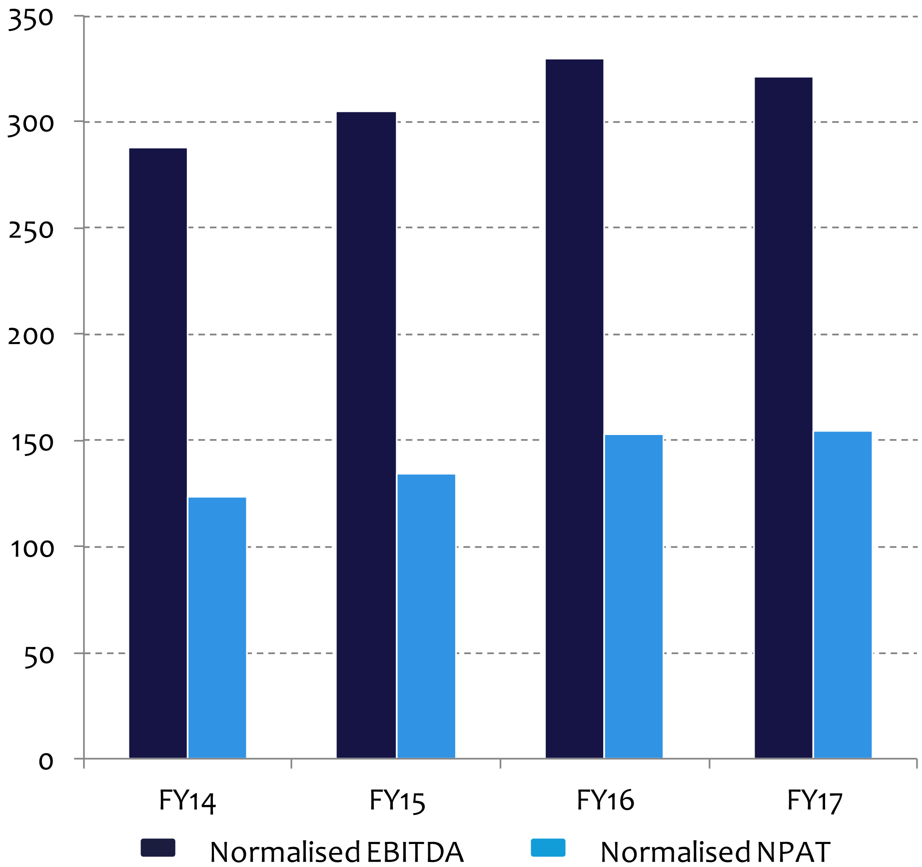


We have a diverse workforce by age, gender and ethnicity – over 70 different ethnicities represented

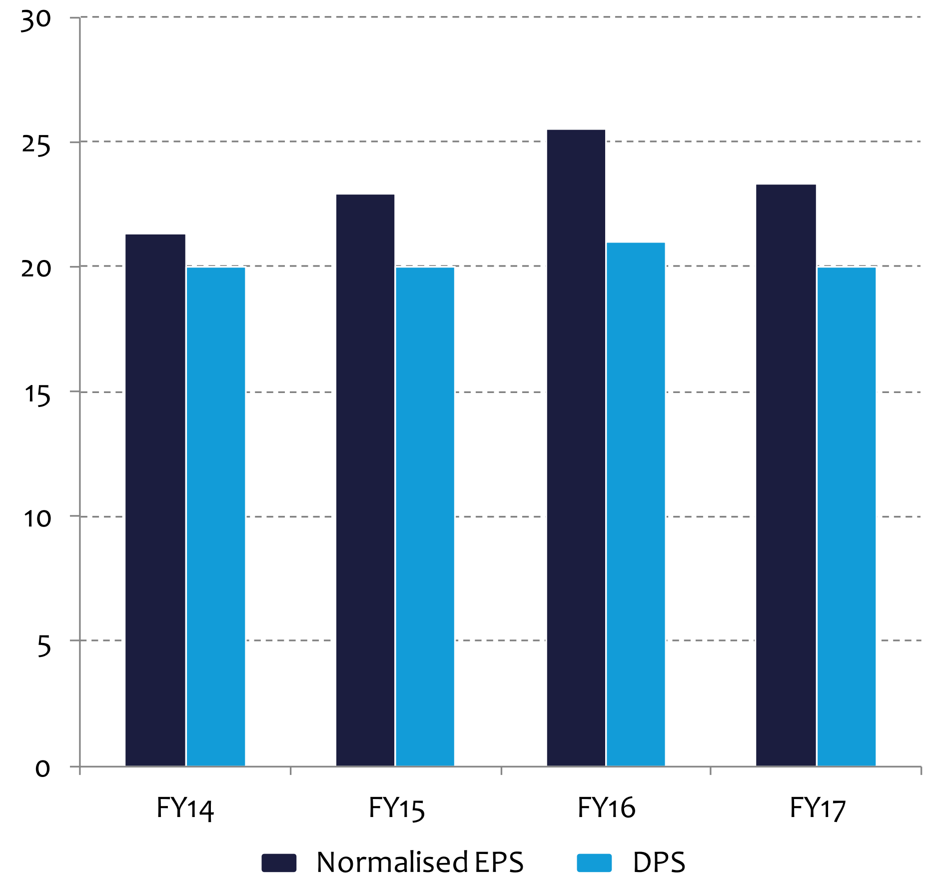
(1) Information based on collected data during March 2018

What is SKYCITY? Financial metrics

Group normalised EBITDA and NPAT: FY14-FY17 ($m)



Group normalised EPS and DPS: FY14-FY17 (cps)



Earnings have shown growth over recent years, despite FY17 being impacted by the Crown arrests in China

What are we good at?

SKYCITY

1 Operating a range of entertainment and hospitality businesses, including: casinos, hotels, F&B, conventions and other entertainment

2 Operating in environments with long-term exclusive casino licences

3 Operating in "first world" countries such as NZ and Australia

4 Operating best-in-class harm minimisation and host responsibility practices

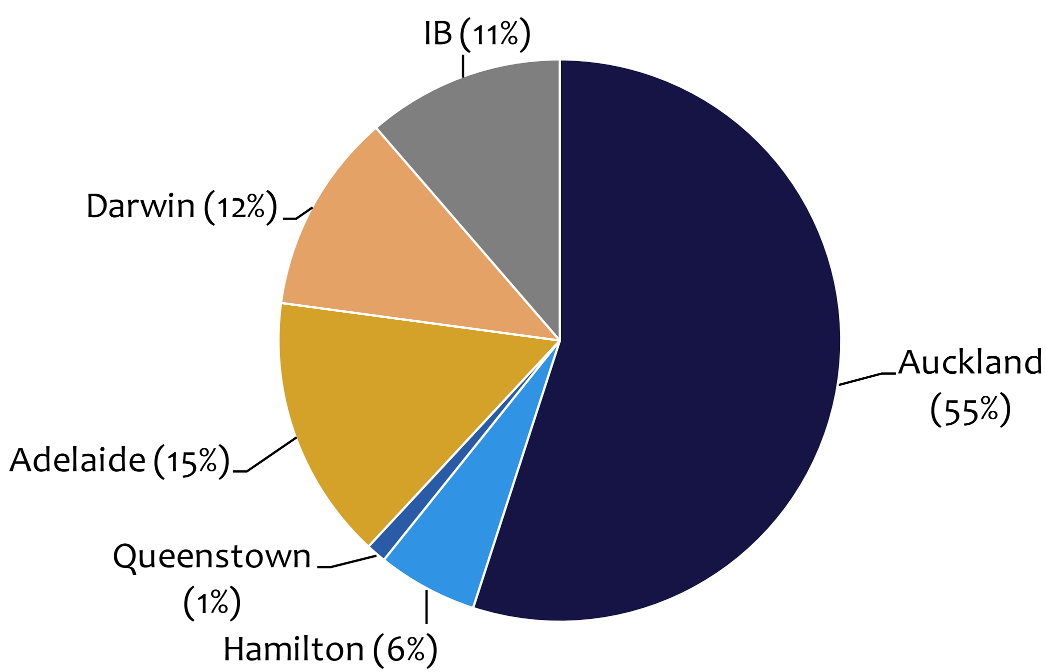
Established casino and entertainment operator with attractive long-term casino licences, and a leader in host responsibility

Where do we generate value for shareholders?

SKYCITY

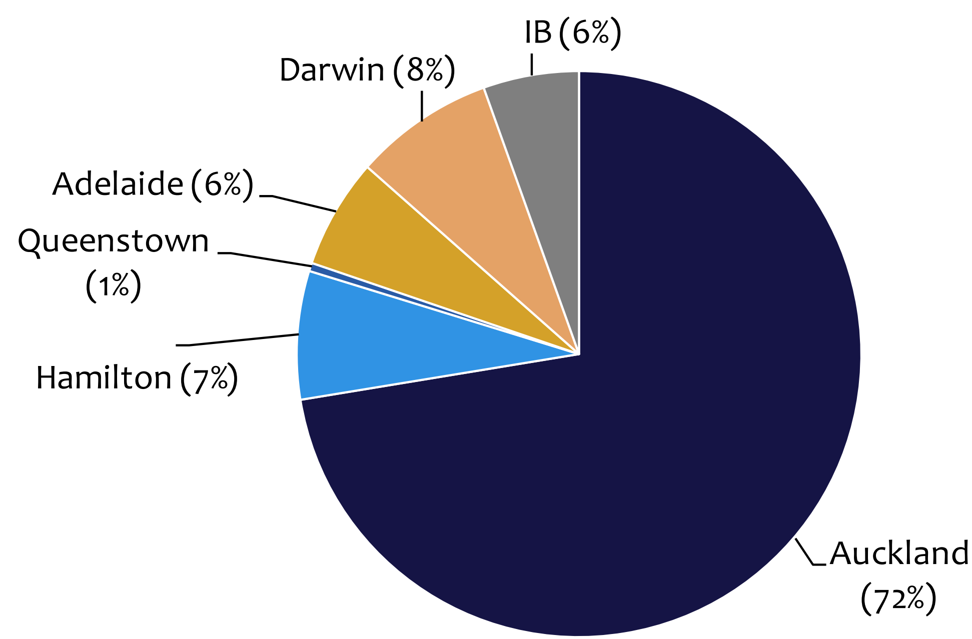
FY17 group revenue by property (%):

Group normalised revenue = $1,031m



FY17 group EBITDA by property (%):

Group normalised EBITDA = $322m(1)



Diversified business geographically, yet Auckland generates over 70% of group EBITDA. Auckland earnings benefit from contributions from higher margin businesses (i.e. gaming and hotels)

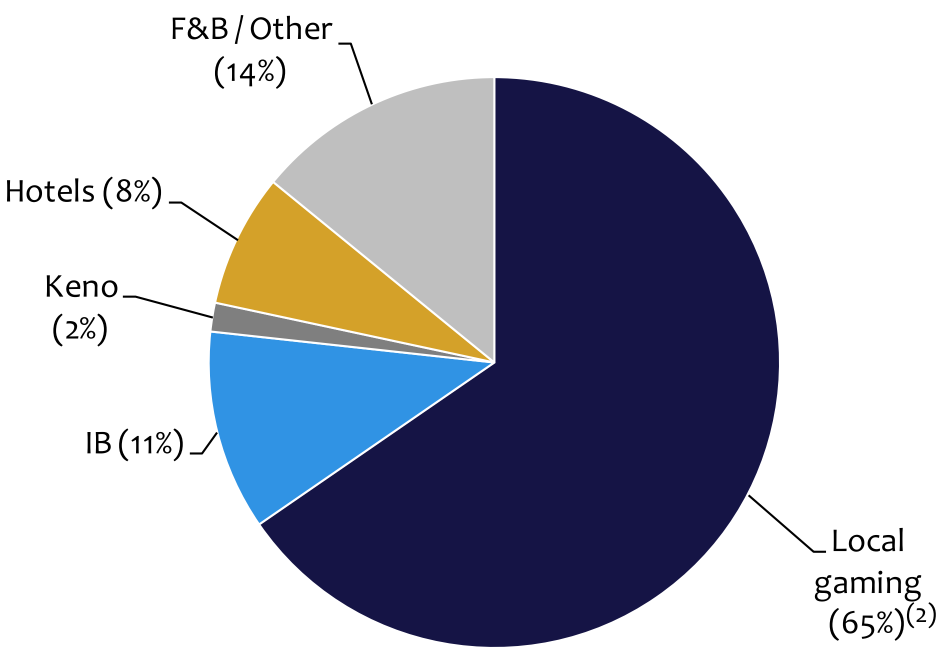
(1) EBITDA before corporate costs but after gaming taxes + restated corporate costs / operating expenses to reconcile to FY17 investor presentation

Where do we generate value for shareholders?

SKYCITY

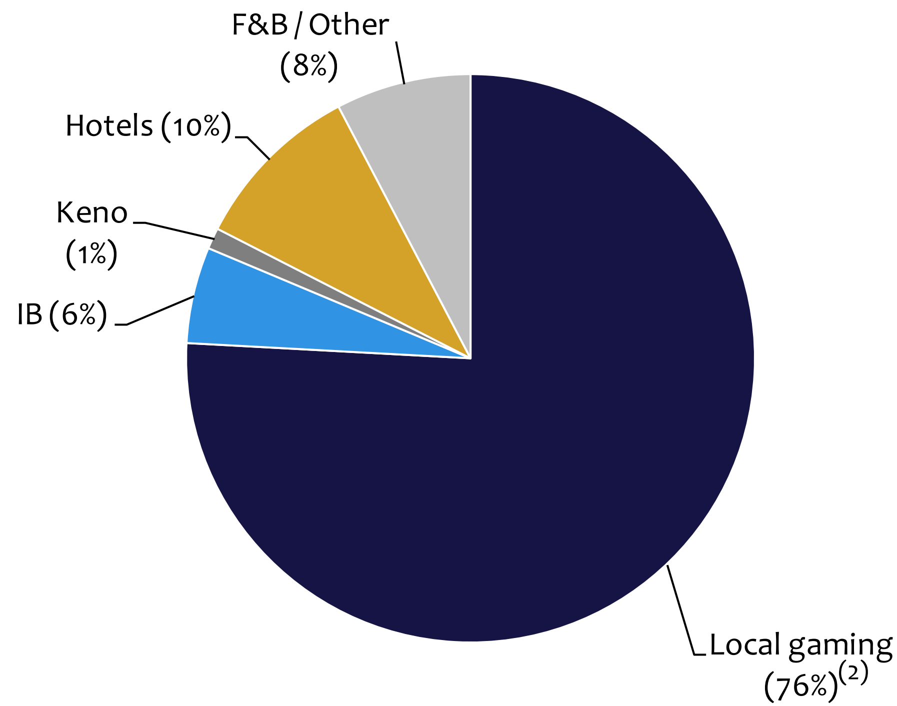
FY17 group revenue by business activity (%):

<u>Group normalised revenue = $1,031m</u>



FY17 group EBITDA by business activity (%):

<u>Group normalised EBITDA = $322m[1]</u>



Local gaming (EGMs and tables) is the key value driver for the group, generating ~75% of EBITDA. Hotels are the second most significant earnings contributor

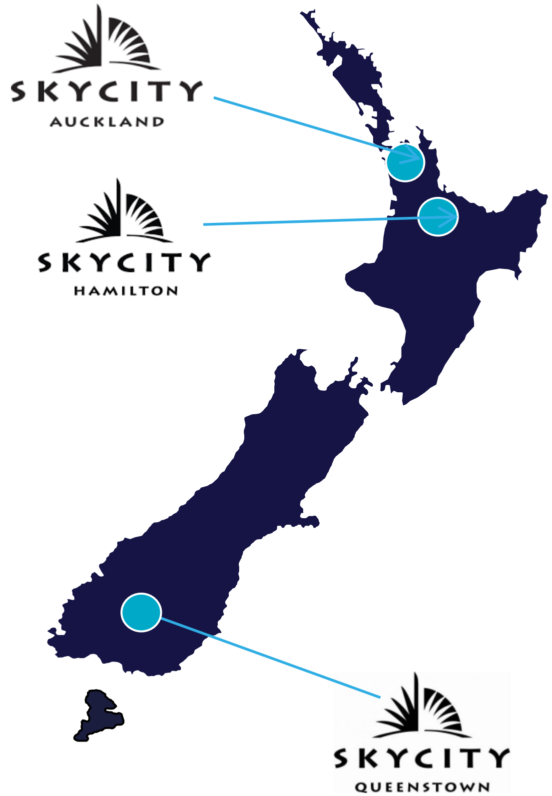
(1) EBITDA before corporate costs but after gaming taxes + restated corporate costs / operating expenses to reconcile to FY17 investor presentation

(2) Local gaming includes EGM and tables revenue (ex IB) and contribution (ex IB) derived from casual visitors, members of loyalty programme, non-carded premium play and domestic and international tourists

What environment do we operate in? NZ

Economy

- NZ has experienced a period of sustained economic growth, underpinned by:
  - Strong tourism inflows (Auckland and Queenstown primary benefactors)
  - Robust construction sector activity
  - Low interest rate environment
  - Historic high net migration
- Uncertain global economic environment but generally positive outlook for NZ



Regulatory

- Relatively stable regulatory and political environment
- Long-term casino licence secured in Auckland (2048) and tax rate certainty to 2022
- Licence renewals in Hamilton (2027) and Queenstown (2024 and 2025)
- Christchurch Casino going through licence renewal in 2019 (the first of its kind in NZ)

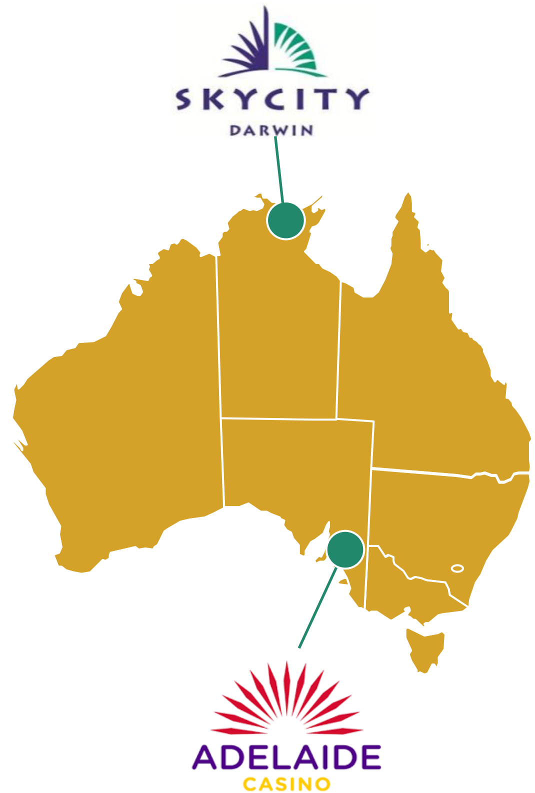
Stable NZ operating environment, with generally positive long-term economic outlook

What environment do we operate in? Australia

SKYCITY

Economy

- Australian economy continues to perform reasonably well, but growth primarily contained to eastern seaboard
- NT economy stabilising post completion of Inpex LNG project, but muted near-term outlook
- SA economy relatively subdued, but with positive longer-term outlook (i.e. growth in defence industry, business friendly new Government)



Regulatory

- Regulatory environment less stable than NZ
- Growth of gaming in suburban venues (ex casinos) across Australia subject of increasing scrutiny due to social harm / host responsibility issues
- Long-term casino exclusivity and tax rate certainty at both Adelaide and Darwin, with preferential premium gaming concessions secured in Adelaide

Australian operating environment more challenged, with subdued near-term economic prospects in both the NT and SA, and less stable gaming regulation vs. NZ

What environment do we operate in? Industry trends

1. Traditional land-based casinos typically exhibiting modest growth (outside of Asia)
2. Requirement to continually diversify offering to compete and capture broader customer base
3. Capital investment required to sustain / grow business – need to consider alternative models to improve returns
4. Alternative forms of gaming (i.e. online, AR / VR, social gaming) and entertainment becoming increasingly popular
5. Positive secular growth trends in Asia with growing (and increasingly mobile) middle-class
6. Enhanced focus on social licence to operate

What environment do we operate in? Shareholder views

1. Focus on improving operating performance
2. Focus on leveraging assets which contribute meaningful value to group
3. Manage execution risks on major projects and leverage opportunities associated with investments
4. Maintain focus on NZ and Australia
5. Improve returns from capital investments – where possible take an "asset-lighter" approach to allocating capital
6. Re-establish credibility regarding ability to execute well on strategic initiatives
7. Continue to pay dividend consistent with existing policy

Strategic Overview and Portfolio Review

Strategic overview

SKYCITY

Key value drivers

- We are good at operating exclusive land-based casinos, hotels, F&B, conventions and broader entertainment, but only casinos and hotels deliver meaningful earnings and value
- Complementary activities (i.e. F&B, conventions) contribute to overall success of casinos and hotels
- Maximise returns when all competencies are integrated and come together

Existing assets

- Requirement to execute major projects well and achieve acceptable return on capital
- Focus on leveraging and maximising potential of existing assets
- Further operational improvements to be derived from existing businesses
- Opportunity for performance improvement from investment in customer / loyalty / digital / IT initiatives

Capital allocation and financial settings

- Balance sheet constrained to meaningfully pursue new growth opportunities outside of releasing capital from existing assets
- Intention to go "asset-lighter" to improve returns and to allocate capital more efficiently
- Committed to dividend policy – dividends important to significant proportion of shareholder base

Strategic overview

New forms of entertainment	■ Important to provide entertainment which appeals to existing and new customers ■ Intention to broaden emphasis on entertainment beyond traditional gaming (i.e. All Blacks experience, e-sports, AR / VR, online gaming) ■ Requirement to be fast followers of best global ideas of technology relevant to existing and future operations
Potential future diversification	■ Maintain focus on NZ and Australia ■ Reliance on Auckland – Adelaide expansion, IB growth and online gaming opportunities to address this to an extent. Continue to monitor land-based casino opportunities as they arise ■ Strong outlook for hotels in NZ and Australia – potential to become highly scalable asset class
Customer / loyalty / digital	■ Customer demographics and behaviour changing and evolving ■ Need to adapt and leverage new channels / offerings to ensure on-going relevance ■ Data analytics / technology increasingly important to attract and retain customers
CSR / people / sustainability initiatives	■ Focus on social licence to operate, community / people / youth development initiatives ■ Widely recognised as responsible corporate citizen

Portfolio review – NZ

SKYCITY AUCKLAND

- Casino licence extension to 2048 underpins long-term value for key property
- NZICC and Hobson St hotel project – important to execute well and leverage benefits
- Master planning commenced – incorporates opportunities for further accommodation, F&B, new gaming spaces, and broader entertainment
- Additional property has been acquired – intention to consolidate control over precinct
- Colliers appointed to sell Federal St car park – progressing well
- Evaluating options with CBRE to monetise main site car parks

SKYCITY HAMILTON

- Strong financial performance over past 3-4 years
- Positive outlook for Hamilton and broader Waikato region
- Master planning commenced – reviewing opportunities to enhance existing property (could incorporate opportunities for accommodation and Riverbank development)

SKYCITY QUEENSTOWN

- Two small properties – currently immaterial to group
- Considering options to leverage potential of casino licences and improve offering (particularly IB)
- Strong outlook for domestic and international tourism

Portfolio review – Australia & International Business

ADELAIDE CASINO

- Expansion should significantly increase revenue and earnings at the property and deliver acceptable return
- Upgrades to existing property important to ensure integration between old and new buildings and maximise overall returns
- Stable management team now in place

SKYCITY DARWIN

- Continue to evaluate strategic options, including a full sale
- Goldman Sachs appointed to test interest from selected parties
- If sale can be concluded (at right price and with right buyer) proceeds used to repay debt (in short-term) and fund strategic / growth initiatives
- If no sale, then would continue to own a stable, cash generative business

HORIZON

- Remain committed to growing IB – positive long-term outlook
- Targeting IB to represent greater share of group EBITDA – up to 15%
- New management team making a positive impact
- Will continue to invest prudently in business

Existing Operations

COO's initial observations

1

Improving performance of EGM business a priority given importance to group earnings and value

2

Strong operational management teams in place – potential for additional EGM expertise, particularly in Auckland

3

Strong platform to pursue growth opportunities

4

Range of operational improvements to be pursued across the business

Potential operational improvements

1 Increase visitation via precinct activation and leveraging key events

2 Improve visitor experience through high-quality customer service and innovation

3 Improve customer acquisition and loyalty

4 Investment in product mix and configuration

Potential operational improvements (cont.)

5 Investment in new gaming spaces, particularly in Auckland

6 Grow presence in international / interstate (eastern seaboard of Australia) EGM market

7 Leverage facilities which complement core activities (i.e. F&B, hotels, conventions)

8 Improve cost execution and productivity

Brand, loyalty and customer

1 Marketing and promotional initiatives important to appeal to new (and retain existing) customers

2 Requirement to invest in digital offering to enhance end-to-end customer experience

3 Rewards and recognition important to retain loyalty – investing in CRM system and data analytics

4 Reviewing brand strategy across the group

5 Broader focus on entertainment to appeal to communities within which we play

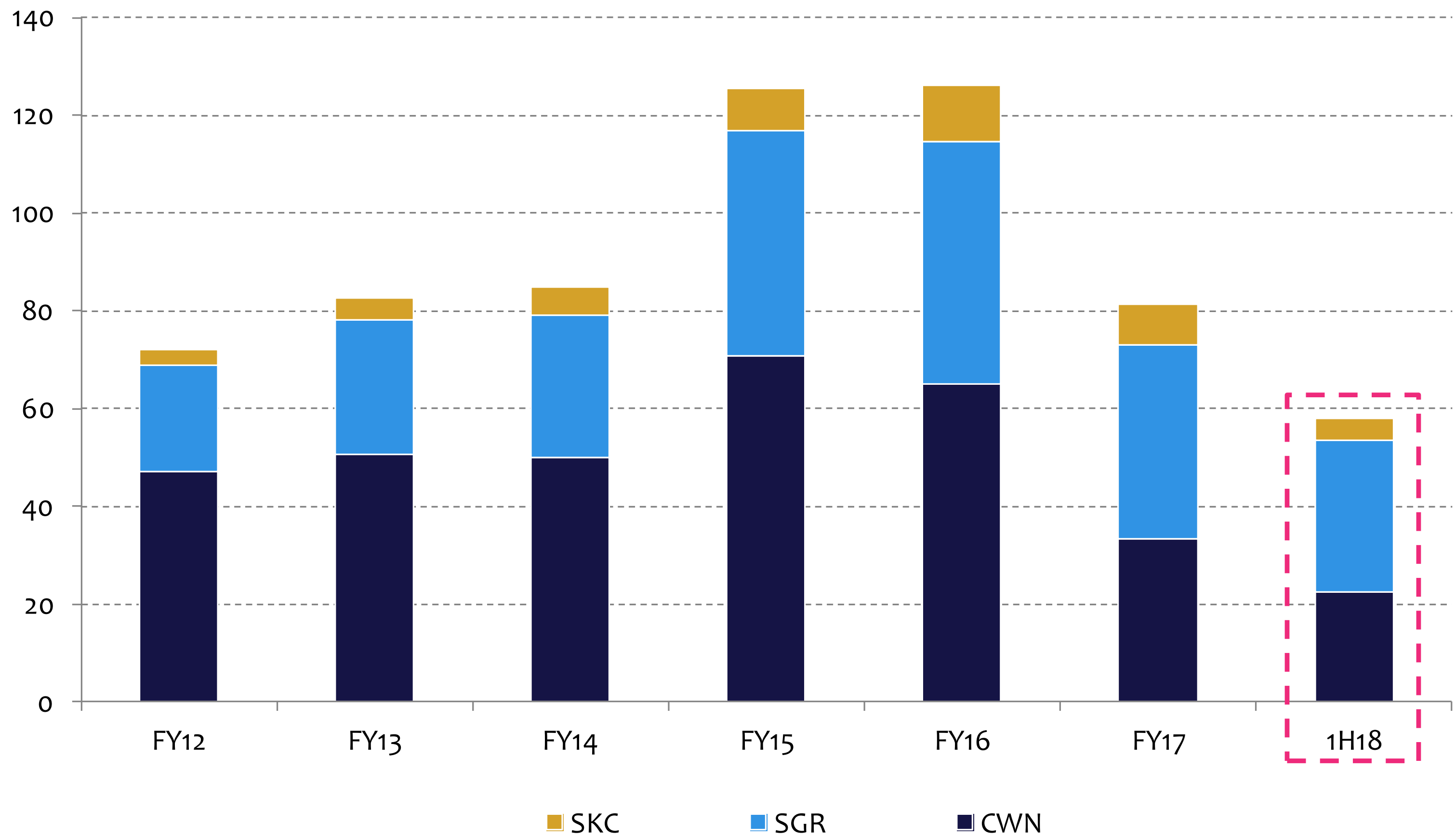
International Business – Overview

- IB target high-net worth international players and junkets who visit casinos as part of their leisure activities
- Key factors for success in IB:

1. Attractive destinations
2. Premium gaming facilities
3. Premium hotels and F&B
4. Outstanding levels of customer service
5. Access (airlift)

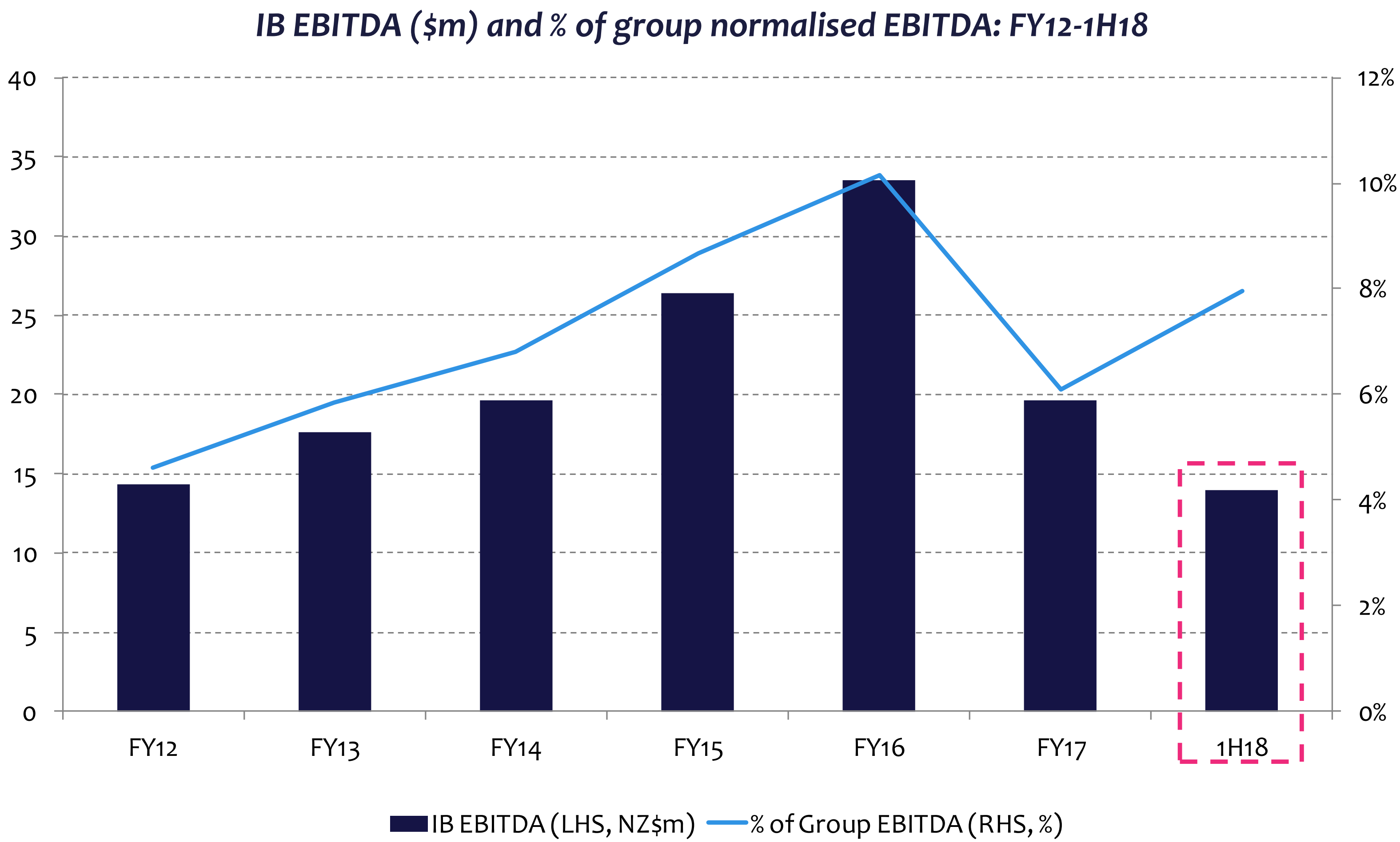
International Business – Market trends

Australian & NZ IB turnover: FY12-1H18 (A$bn)



The Australian / NZ IB market peaked in FY16 at ~A$125bn in turnover before falling by around 30% post the Crown arrests in late 2016 – the market since recovered during 1H18

International Business – Importance to group



IB as a % of group normalised EBITDA has fluctuated between 5-10% since FY12

International Business – Recent performance

- IB achieved strong growth in both turnover and normalised EBITDA during 1H18
- Junkets becoming increasingly prominent – ~55% of total 1H18 turnover (vs. ~40% in FY17)
- Significant improvement in operating margins in 1H18 due to benefits of operational review and lower bad debts vs. pcp
- Strong activity during Chinese New Year period in late February / early March – continue to consider $10bn in turnover for FY18 as a realistic target
- Remain committed to IB for the long-term – positive growth outlook
  - Will continue to invest prudently in business to ensure competitive vs. peers
  - On-going prudent approach to extending credit
  - Margins sustainable at around 20%

International Business – Growth opportunities

1 Grow and diversify customer base (particularly via junkets) to reduce reliance on small number of larger customers and increase market share

2 Ensure high-quality customer service and continue to invest prudently in the business

3 Leverage new facilities in Adelaide post expansion and proximity to eastern seaboard of Australia

4 Further optimise Auckland and Queenstown given attractiveness of both locations

Break: morning tea

Major Projects

Creating a brighter future together

Vision for NZICC and Hobson St hotel project

- Significant investment in future of Auckland
- Significant job creation during construction phase and once operational
- Investment will support long-term growth in tourism expenditure from international and domestic visitors
- New infrastructure to be significant demand driver for Auckland precinct (i.e. casino, hotels, F&B, Federal St etc)
- Hobson St hotel to generate significant incremental earnings for SKYCITY Auckland
- Casino licence extension (27 years to 2048) successfully secured long-term earnings and value for key property
- Expect NZICC to be broadly earnings neutral but to generate incremental visitation / demand

Project update

- Positive change in construction on-site over the past 9 months – experienced Fletcher Construction team now in place
- Planning for completion late 2019
- Construction contracts provide for liquidated damages which should mitigate losses through delay
- Expect SKYCITY's investment in the projects to be in-line with original budget (~$703m)
- Remain comfortable with contractual arrangements, but legal challenges from Fletcher Construction are possible
  - Market-based contract agreed with Fletcher Construction following fair / robust tender process
  - *"Absolute focus on delivering our existing projects within existing provisions and to the highest quality for our customers"* (Fletcher Building, Trading Update, 14 February 2018)
- First stage of NZICC car park (~600 spaces) to be completed in 2H18

Project update

Development site (as at March 2018)

Preparing for opening

FY18

- Further develop sales and marketing capability
- Finalise design / functional considerations – FF&E, AV etc

FY19

- Finalise pre-opening plan
- Recruit and train key operational staff and management

FY20

- Soft opening required to test services, plant and facilities
- Official opening

- Focus on programme delivery – progress projects in coordination with Fletcher Construction
- Originate and execute new leads and opportunities
- Establish efficient and sustainable operating model

NZICC marketing approach

Build stakeholder partnerships and communities

Share positive stories

Presenting and bidding for business

Brand creation and marketing

Building awareness of Auckland and NZ

Networking with industries and clients

NZICC bookings

SKYCITY

- 6 major bookings secured from 2020 – working on a number of new leads and opportunities

Customer	Conference	Timing	Delegates (#)
	Tripartite Colorectal Meeting	February 2020	1,200 delegates
IAPB VISION 2020 THE RIGHT TO SIGHT	International Association for Prevention of Blindness	March 2020	2,000 delegates
ASIA-PACIFIC ACADEMY OF OPHTHALMOLOGY	Asia Pacific Academy of Ophthalmology	March 2020	3,500 delegates
WVA WORLD VETERINARY ASSOCIATION	World Veterinary Congress	April 2020	1,200 delegates
Wonca	World Organization of Family Doctors	July 2020	2,000 delegates
IUFoST	International Union of Food Science and Technology	August 2020	2,000 delegates

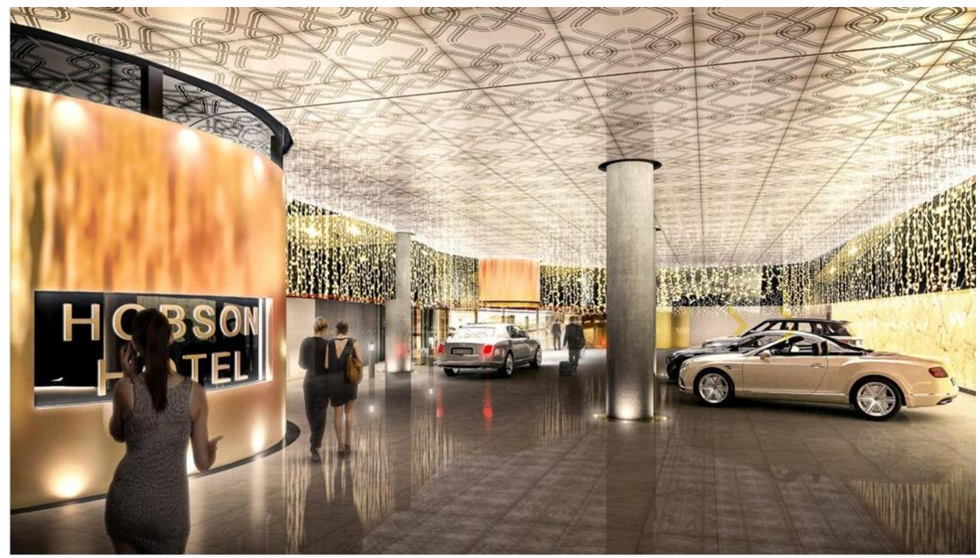
NZICC bookings – Positive benefits, an example

5 day conference in March 2020

1. 6,000 international visitors
2. 15,000 hotel room nights
3. ~$10m economic benefit to Auckland and NZ
4. $300+ in average spend per person, per day

Outlook for Hobson St hotel

- Hobson St hotel expected to deliver attractive return on investment and earnings of around $20m per year post opening
  - Value for shareholders enhanced by decision to develop and retain asset
- Current SKYCITY Auckland hotels operating at 90% occupancy with 10%+ RevPar growth over past 3-4 years and market leading margins
- Strong outlook for hotels in Auckland
- Efficiencies to be derived from operating hotel alongside SKYCITY hotel and Grand hotel
- Proven hotel operator, with strong and recognised brand



Adelaide Expansion

Overview of Adelaide expansion

- Vision to transform the Adelaide Casino into a world-class casino and entertainment complex
- Riverbank precinct to be the centre of entertainment for Adelaide
- Significant opportunity to grow market share and turn around underperforming casino
- Improved regulatory environment and new integrated facilities to address historic disadvantages
- Key value driver is significant expected increase in gaming activity (combination of local, interstate and IB)
- New hotel, F&B, car park and broader precinct activation to be demand drivers and complement core activities
- Master planning to ensure effective integration between old and new building and refresh of legacy plant and services
- Project expected to deliver significant incremental earnings and an acceptable return

Project update

- Tender process for construction contract nearing completion – in discussions with preferred party
- Construction contract to be largely fixed-price, lump-sum – build only contract
- Total project costs expected to be ~A$330m (including appropriate contingency), in-line with previous guidance
- Early works programme slightly delayed – main construction works to commence before end of FY18
- Expect car park to be opened contemporaneous with expansion in 1H21
- Regulatory review to commence by June 2018 and be completed by early 2019

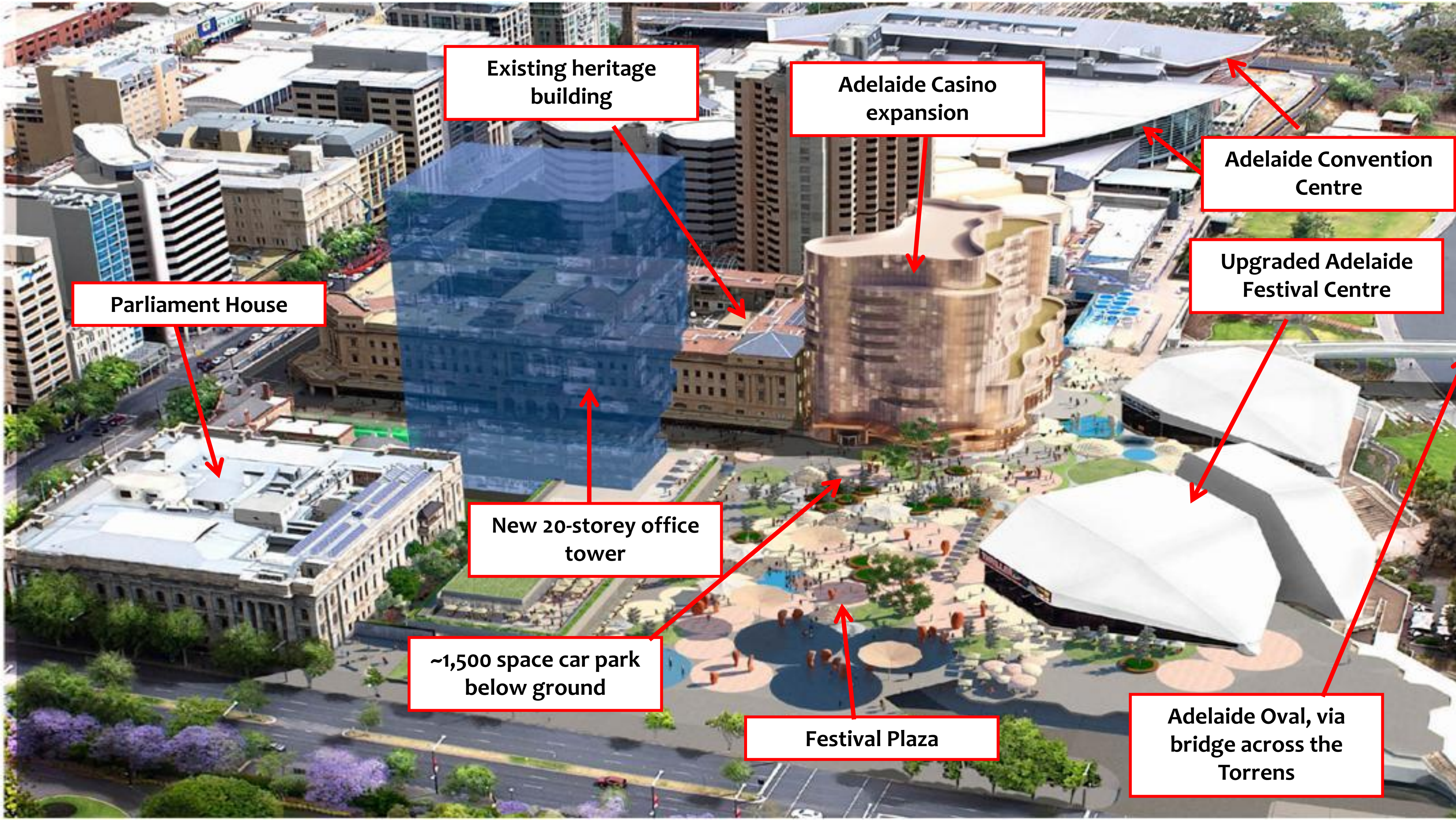
Expansion – view from Station Road

Expansion – view from Station entry

Project update

Early works programme progress (February 2018)

Adelaide Riverbank Precinct



Operating plans pre-expansion

FY18

- New leadership team established
- Expand premium gaming rooms to accommodate increased demand
- Launch international and interstate EGM strategy, in conjunction with group

FY19/20

- Re-launch cashless gaming technology for main floor customers
- Improve F&B offering through new outlets, including destinational sports bar
- Reintroduce broader on-site entertainment

FY21

- Implement strategies to offset construction disruption
- Leverage premium gaming concessions
- Grow table games business through leveraging new technologies and improved product mix / yield strategies
- Revitalise existing gaming spaces that appeal to local market
- Targeted marketing and promotional activities, supported by increased focus on customer acquisition and loyalty
- Improve staff engagement and culture
- Focus on operating efficiencies to deliver margin improvements

Preparing for opening

FY18

- Conclude master planning – focus on product mix and configuration

FY19/20

- Recruit and train key operational staff and management
- Ensure effective connection and circulation between the expansion and existing building

FY21

- Soft opening required to test services, plant and facilities
- Official opening

- Focus on programme delivery
- Work with precinct partners to leverage strategic location
- Develop relationships with broader SA tourism industry
- Develop communications / PR plan for key stakeholders
- Develop brand for hotel and integrated resort
- Develop plan to minimise business disruption during transition to new integrated facility

Auckland master plan – Auckland's fundamentals

1 Population expected to increase from 1.5m to 2m by 2030 (and account for ~40% of total NZ population)

2 Significant tourism growth expected over next 5-10 years

3 Demand for hotel rooms expected to exceed supply out to 2025[1]

4 Auckland Council vision to make Auckland world's most liveable city (currently ranked 3rd by Mercer[2]

5 Significant investment in new CBD retail, commercial, entertainment and accommodation precincts

6 City Rail Link to transform accessibility to CBD – Aotea Station (on Albert St) to provide vital mid-town link

(1) *Source: Project Palace, Regional Hotel Market Forecasting & Analysis, Colliers, NZTE, 2016*
(2) *Mercer Quality of Living Survey, 2018*

NEW ZEALAND INTERNATIONAL CONVENTION CENTRE
HOBSON ST HOTEL
SKYCITY AUCKLAND
FEDERAL STREET
FEDERAL ST CAR PARK
AOTEA STATION - CITY RAIL LINK
Grand Hotel + 5,000 m² of existing convention space (available from 2019)
Main site, SKY Tower and SKYCITY Hotel
Acquisition of majority interest in AA Centre settles in July 2018
Aotea Station for CRL open from 2023 /24

Auckland master plan – Our plan

- Multi-year vision for the precinct
- Opportunities for further accommodation, F&B, new gaming spaces, and entertainment (including broader emphasis on non-gaming entertainment)
- Critical property acquisitions complete
- Any investment needs to meet internal return thresholds – investment partly growth, partly defensive (to ensure on-going relevance of CBD and our precinct)
- Intend to introduce development partners to unlock value in precinct – consistent with "asset-lighter" strategy
- Near-term priority completing property acquisitions and progressing concept development / feasibility analysis

Capital Allocation and Financial Settings

Group financial profile

SKYCITY

- Continue to expect modest growth (vs. pcp) in FY18 group EBITDA
- Near-term growth to be achieved by improving operating performance of existing assets
- Medium-term earnings profile largely driven by major projects
- Earnings from NZICC and Hobson St hotel project unlikely to offset higher depreciation and net interest following project completion in FY20
- Expect significant increase in Adelaide's EBITDA following completion of expansion in FY21
  - Should meet or exceed higher depreciation and net interest following project completion
  - Property likely to take 3-4 years post expansion to reach full potential
- Potential change to effective tax rate from FY19
- Maintain prudent capital structure during investment phase of major projects and release capital from existing assets to fund new strategic / growth initiatives
- Maintain dividends at current levels and grow as EPS increases in the future (ex projects)

Financial settings

SKYCITY

Gearing

- Committed to maintaining BBB- S&P credit rating
- Maximum gearing of 3x Net Debt / EBITDA (including capitalised leases)
- Expect total debt to peak at around $1bn in FY20, with S&P gearing peaking at slightly above 2.5x

Dividends

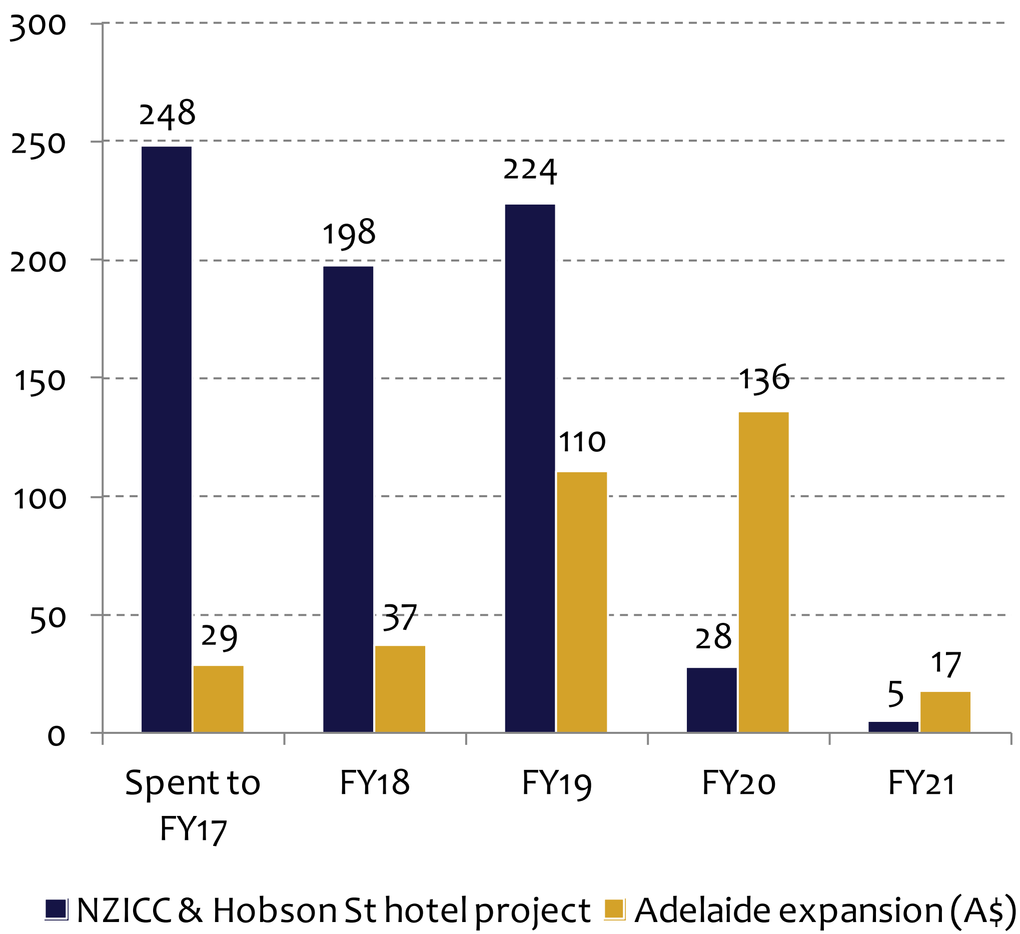
- Committed to maintaining existing dividend policy
- 80% payout ratio based on NPAT adjusted for capitalised interest, subject to minimum 20cps per annum
- Continue to operate DRP at 2% discount, subject to capital released from existing assets

Capital allocation

- Capital allocated to support strategic initiatives and maintain existing assets
- Seeking to move to "asset-lighter" approach – monetise selected property assets, divest non-core businesses and co-invest in new developments with suitable partners
- Target minimum post-tax IRR for all growth projects of 12% (current WACC around 9%)

Future capex

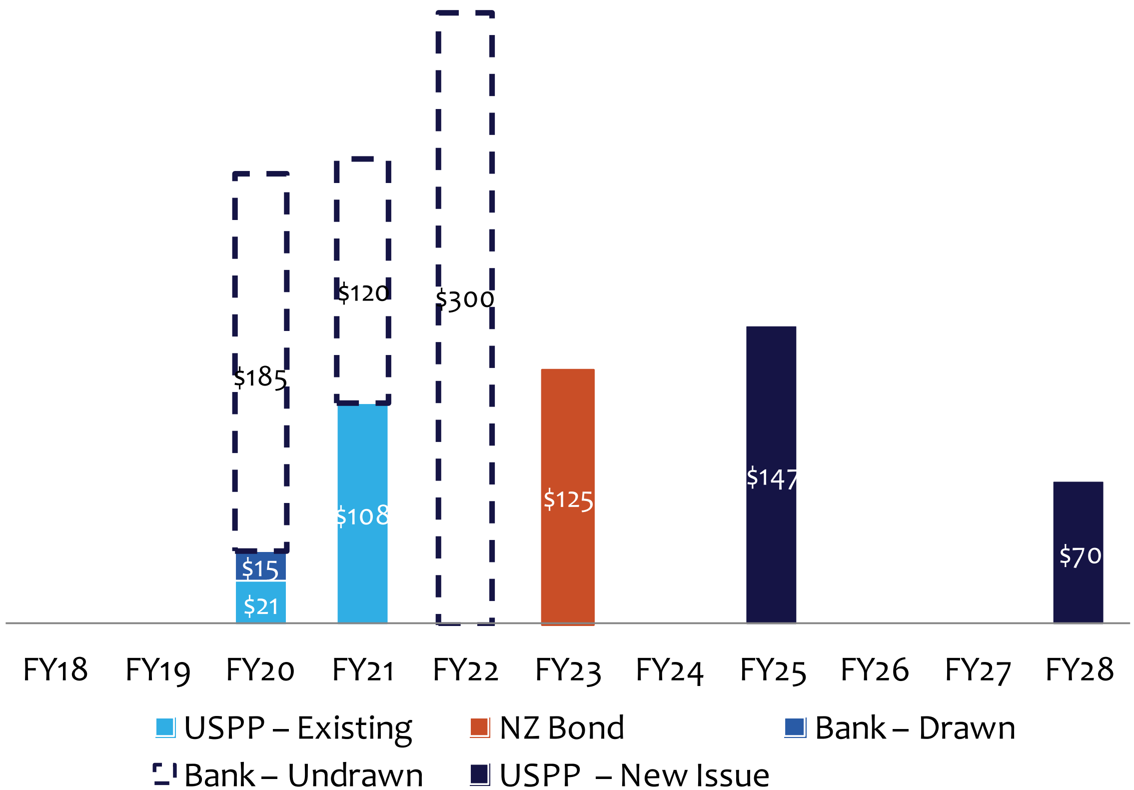
Major projects capex: FY17-FY21 ($m)



- Updated capex profile for major projects provided
  - Assumes NZICC and Hobson St hotel project completes late 2019 and Adelaide expansion completes in 1H21
  - No change in previous guidance for total quantum of capex
- On-going annual maintenance capex of around $70m, but may be higher in FY19 and FY20 due to IT investment
- Additional capex on growth projects, subject to achieving target returns
- Potential for further investment in Auckland precinct to support master planning

Future debt funding

Hedged debt maturity profile (as at March 2018) ($m)



- Committed debt facilities (at hedged exchange rates) of $1.1bn
- New US$150m USPP debt issue now completed and drawn
- Average debt maturity of 4.3 years
- Debt either fixed rate or currently fully hedged to mitigate future interest rate risk
- Average interest rate on current debt of 5.6% over NTM
- Potential for further NZ bond issue, subject to capital released from existing assets

IT investment

- Investing in IT to upgrade aging infrastructure, create robust platform for further growth and enhance customer experience

Current projects

- New finance and supply chain system
- Infrastructure upgrade (i.e. cloud network, data centres, cyber-security, Wi-Fi)
- End-user computing upgrade (both software and hardware)
- Communications system upgrade (i.e. telephony, video-conferencing, desktop collaboration)
- Replace point-of-sale system (both software and hardware)
- NZICC and Hobson St hotel IT network and systems (i.e. convention management and hotel management)

Future priorities

- Gaming systems
- CRM and loyalty
- Website and mobile apps
- Revenue management system (both gaming and hotels)
- Staff rostering system
- Digital signage / way finding

Initiatives to release capital

- Seeking to monetise selected property assets and divest non-core businesses as part of "asset-lighter" approach
- Capital released used to repay debt (in short-term) and fund strategic / growth initiatives

Federal St car park

- Sale process being managed by Colliers and progressing well
- Expect to complete sale by end of FY18

Auckland main site car park

- Evaluating options with CBRE for monetising Auckland car park (ex Federal St)
- Potential sale of long-term licence over Auckland car park (including new NZICC car park), subject to satisfying operational needs of the business / ensuring priority access for key customer groups

Darwin

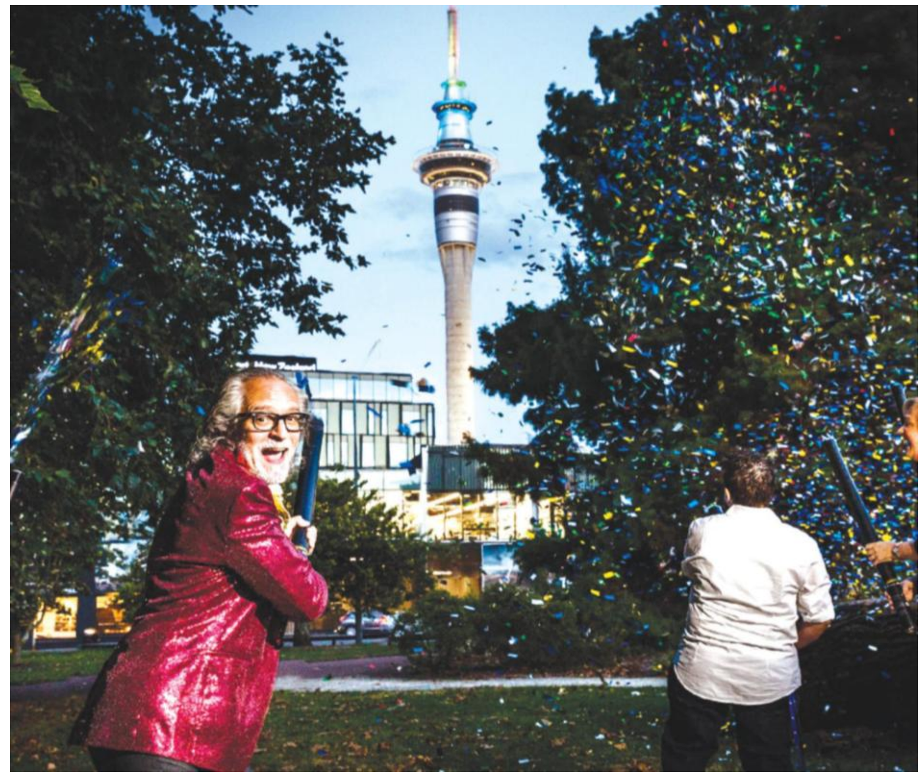
- Continue to evaluate strategic options, including a full sale
- Goldman Sachs engaged to test interest from selected parties
- Property stabilised in 1H18 and expected to deliver improved performance in 2H18 on the pcp

CSR / People and Sustainability Initiatives

Commitment to CSR and sustainability

- CSR / sustainability increasing in importance for asset owners when making investment decisions
- Strive to be a responsible member of every community in which we operate
- Focus on protecting social licence to operate via a range of CSR initiatives

"Sustainability – how we want to be in this world – needs to be a factor in any major decision we make"[(1)]
(Rob Campbell, Chairman)



(1) Source: MEttle Issue Nine, 2018

CSR pillars / initiatives

Host responsibility	■ Continue to deliver comprehensive and well respected host responsibility programme ■ Responsibility to minimise risk and harm from problem gaming ■ Significant investment in customer support initiatives, training, security and surveillance
Community investment and development	■ Commitment to build communities by developing people ■ Invest further in community – scholarship programmes, internships, apprenticeships and career progression, and SKYCITY hospitality school ■ Youth-focused community development programmes targeted at vulnerable young people ■ Continue to invest through community trusts and meaningful key charity partnerships
Human rights and labour practices	■ On-going investment in staff care and development, including health, safety and well-being ■ Commitment to move to minimum wage in NZ of $20 per hour by 2020 ■ New LTI / STI scheme (being finalised) to ensure alignment with shareholder outcomes

CSR pillars / initiatives

SKYCITY

The environment

- Actively measuring and reporting against environmental footprint (i.e. carbon, energy, water and waste)
- Actively pursuing energy savings through infrastructure and technology improvements
- Improving approach to recycling, including food waste composting

Fair operating practices

- Actively promoting corporate responsibility and sustainability in supply chain
- Engaging with supply chain to embed sustainability considerations into purchasing and procurement
- On-going development of sustainability assessment processes, rating and vendor audit

CSR reporting

- Performance against CSR pillars to be measured and reported against annually
- Intention to combine CSR reporting with traditional annual report (and financial statements)
- Continue to engage with key stakeholders on CSR issues / initiatives

View from the Chairman

Background to the Chairman

1

Over 30 years' experience in business and capital markets

2

Chairman of Summerset Group and Tourism Holdings, and director of Precinct Properties – NZX-50 companies

3

Director of (or advisor to) a range of investment funds and private equity groups

The Board's commitment to shareholders

SKYCITY

1. Overseeing the development and execution of group strategy

2. Optimise creation of value from properties, lifting return on equity

3. Delivering sustainable shareholder returns – focus on returns on capital and effective capital allocation

4. Focusing on CSR initiatives to ensure long-term sustainability of the business

Chairman's initial impressions

- Strong platform created to unlock value:
  - Exclusive long-term casino licences in all jurisdictions
  - Properties are major entertainment destinations
  - Major projects will transform Auckland and Adelaide properties
  - Strong management team in place after transitory period, well led by Graeme Stephens
- Opportunity to generate sustainable shareholder returns

Perspectives on Corporate Governance

1. Important to establish clear framework for oversight and management of operations

2. Focus on effective allocation and discharging of responsibilities and duties

3. Important role to play in setting standards of behaviour and culture

4. Important to recognise and manage risk

5. Critical to protect interests of all stakeholders (i.e. staff, shareholders, customers, suppliers, community)

Closing remarks

Closing remarks

1. Significant opportunity to unlock value leveraging strong platform

2. Opportunities to improve performance of existing businesses

3. On-going focus on effective capital allocation and improving returns on capital – intention to go "asset-lighter"

4. Focus on leveraging and maximising existing assets / casino licences before we go looking for more

5. Stable management team now in place – energised, focused on execution and delivery

6. Refreshed group strategy continues to be refined / finalised – further update at FY18 results

Break: lunch

Appendix I – Accounting Workshop

Accounting treatment of major projects

- Recognise fair value of new regulatory concessions on balance sheet
  - Include as increase in casino licence (intangible asset) when concessions granted
  - Recognise corresponding deferred licence value (liability) prior to development of associated PP&E
  - Once development completed, offset deferred licence value against accounting (not tax) carrying value of PP&E (tangible asset)
- Adelaide casino licence value amortised over relevant licence period (2035 or 2085 depending upon whether benefit associated with exclusivity period or full licence period)
- Auckland casino licence not amortised but tested annually for impairment
- During investment phase, interest costs associated with major projects capitalised (based on SKYCITY's average cost of debt) through to project completion

Accounting entries	Feb-14	FY15	FY16	FY17	1H18
Assets (Intangibles – Regulatory Concessions)					
NZICC and Hobson St hotel (Auckland)	-	-	$405m	$405m	$405m
Adelaide expansion (A$)	$165m	$163m	$160m	$156m	$155m
Liabilities (Deferred Licence Value)					
NZICC and Hobson St hotel (Auckland)	-	-	($405m)	($405m)	($405m)
Adelaide expansion (A$)	($165m)	($143m)	($143m)	($143m)	($143m)

Accounting impact post completion

- Once each project is completed PP&E (excluding land, but including capitalised interest) starts to be depreciated and interest is no longer capitalised
- Earnings from NZICC & Hobson St hotel project unlikely to be sufficient to offset higher depreciation and interest expense following project completion in FY20
- Expect significant increase in Adelaide's EBITDA following completion of expansion in FY21
  - Should meet or exceed higher depreciation and interest expense following project completion
  - Property likely to take 3-4 years to reach full potential

Accounting depreciation(1)	FY16	FY17	FY18	FY19	FY20	FY21	FY22
NZICC and Hobson St hotel	-	-	-	-	$8m	$12m	$13m
Adelaide expansion (A$)	-	-	-	-	-	$9m	$11m

Capitalised interest(2)	FY16	FY17	FY18	FY19	FY20	FY21	Total
NZICC and Hobson St hotel	$7m	$11m	$19m	$26m	$11m	-	**$73m**
Adelaide expansion (A$)	$2m	$3m	$4m	$6m	$12m	$4m	**$30m**

- Deferred licence value not reversed into tangible asset base for tax accounting purposes

(1) *Indicative estimates only*
(2) *Based on current expected total quantum and timing of capex / completion on major projects*

Effective tax rate

SKYCITY

- Australian Limited Partnership ("ALP") has been part of group funding structure since 2004
  - Established as part of acquisition of SKYCITY Darwin
  - Issuer of USPP notes
- Proposed changes to tax legislation in NZ and Australia will impact the treatment of the ALP and increase effective tax rate in FY19
  - Impact of proposed legislation ("share of partnership expenditure") of around $6.0m per annum (was $6.2m in FY17)
  - FY17 effective tax rate would have increased by 3.0% to 29.2% (was 26.3%) if proposed legislative change had applied in that year
- Expected increase in effective tax rate to be substantially offset by accounting treatment (depreciation differences) associated with completion of major projects

SKYCITY
ENTERTAINMENT GROUP