SKYCITY
Entertainment
Group Limited

NOTICE OF ANNUAL MEETING 31 OCTOBER 2008

SKYCITY ENTERTAINMENT GROUP

Contents

NOTICE OF ANNUAL MEETING

The 2008 Annual Meeting of Shareholders will be held in the New Zealand Room, Level 5, SKYCITY Auckland Convention Centre, 88–96 Federal Street, Auckland, on Friday 31 October 2008 commencing at 10.00am.

Agenda

1. **To re-elect retiring director.**
   Sir Dryden Spring retires from office at the meeting and, being eligible, offers himself for re-election.
2. **To elect retiring director.**
   Peter Cullinane retires from office at the meeting and, being eligible, offers himself for election.
3. **To elect retiring director.**
   Jane Freeman retires from office at the meeting and, being eligible, offers herself for election.
4. **To authorise the issue of share rights to the Chief Executive Officer.**
   To approve the issue by directors to Nigel Morrison, Chief Executive Officer of the company, on or before 30 October 2011, of in aggregate up to 2,000,000 share rights under the Long Term Incentive Plan, on the terms and conditions set out in the explanatory notes accompanying this notice of meeting.

   No director of the company (other than one who is ineligible to participate in any employee incentive scheme of the company), nor any associate of such a director, may vote on this resolution and any such vote will be disregarded. However, the company need not disregard a vote if it is cast by a person as a proxy or representative for a person who is entitled to vote, in accordance with the directions of that person.
5. **To authorise an increase in the total directors' fees from $750,000 plus GST (if any) for each financial year, to $950,000 plus GST (if any) for each financial year, being an increase of $200,000 plus GST (if any), and that such increase take effect from 1 July 2008.**

   The company will disregard any votes cast on the resolution by:
   - *R H McGeoch, P D Cullinane, J L Freeman, P L Reddy, D T Spring, E Toime or W R Trotter, being directors of the company ; and*
   - *any of their associates.*

   However, the company need not disregard a vote if it is cast by a person as a proxy or representative for a person who is entitled to vote, in accordance with the directions of that person.
6. **To authorise the directors to fix the fees and expenses of the auditor of the company.**

Explanatory Notes

Explanatory notes on the directors offering themselves for re-election and election, the proposed issue of share rights to the Chief Executive Officer, the proposed increase in directors' fees and the fixing of the auditor's fees and expenses are attached to and form part of this notice of meeting.

Attendance

All shareholders are entitled to attend and vote at the meeting or to appoint a proxy or representative (in the case of a corporate shareholder) to attend and vote on their behalf.

The notice appointing a proxy or representative must be received not later than 10.00am on 29 October 2008 (New Zealand time) at Computershare Investor Services Limited, Level 2, 159 Hurstmere Road, Takapuna, Private Bag 92119, Auckland 1142.

Proxies

A proxy need not be a shareholder, and may be appointed by completing the form accompanying this Notice of Annual Meeting. The appointment of a proxy or representative does not preclude a shareholder from attending and voting at the meeting. You may appoint the chairperson of the meeting as your proxy. However, please note that your proxy will not be able to vote at the meeting unless you have provided a voting direction or discretion.

P A Treacy, Company Secretary
Auckland, New Zealand
14 October 2008

LETTER FROM THE CHAIRMAN

14 OCTOBER 2008

SKYCITY Entertainment Group Limited
Federal House 86 Federal Street
PO Box 6443 Wellesley Street
Auckland New Zealand
Telephone +64 (0)9 363 6141
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www.skycityentertainment.com

Dear Shareholder and/or Capital Noteholder

I am pleased to invite you to the 2008 Annual Meeting of SKYCITY Entertainment Group Limited, to be held on Friday 31 October 2008, commencing at 10:00am.

The meeting will be held in the New Zealand Room on level 5 of the SKYCITY Auckland Convention Centre, located at 88–96 Federal Street, Auckland. Shareholders attending the meeting may park free of charge in the SKYCITY carpark. Please take a ticket on entry into our carpark, and we will replace your ticket with a prepaid one at the meeting.

As in previous years, shareholders and capital noteholders are invited to attend the meeting and to ask questions about the operations and management of the business. Capital noteholders who are not also shareholders are reminded that only shareholders (or the proxies or corporative representatives of shareholders) are entitled to vote on the resolutions which are included on the agenda for the meeting.

If you wish to vote by appointing a proxy to vote on your behalf, you may direct your proxy to vote for or against a resolution, to abstain from voting, or to exercise their discretion as to how to vote.

SKYCITY'S Chief Executive, Nigel Morrison, and I will summarise SKYCITY's performance during the 2007/08 year and provide an update on current trading. Shareholders and capital noteholders will then be invited to ask questions relating to the operations and management of the business before we move to the resolutions as set out in the agenda.

Agenda items for this meeting relate to the re-election and election of directors, the issue of share rights to Nigel Morrison as part of his incentive remuneration structure pursuant to his employment agreement, an increase in directors' fees, and authorisation for directors to fix the fees and expenses of the external auditor.

Sir Dryden Spring is standing for re-election, and Peter Cullinane and Jane Freeman are standing for election, as directors at this annual meeting. The board has determined that each of these directors is independent and eligible for election, and unanimously endorses their re-election and election. Brief biographical notes are included in the explanatory notes. Patsy Reddy and Bill Trotter are retiring as directors at the meeting and are not seeking re-election. At the Annual Meeting I will take the opportunity to thank Patsy and Bill on behalf of the board, management and shareholders for their outstanding contribution to SKYCITY during their long service as board members.

Resolution 4 relates to the proposed issue of share rights to Nigel Morrison as part of his long term incentive arrangements agreed to by the board in his employment agreement. Full details are set out in the explanatory notes. Please note that resolution 4 refers to the maximum number of share rights that can be issued to Nigel Morrison for the three year period 2008-11. No director of the company (other than one who is ineligible to participate in any employee incentive scheme of the company), nor any associates of such a director, may vote on the resolution.

It is proposed to increase the maximum pool of directors' fees and allowances that may be paid to non-executive directors in any financial year, with effect from 1 July 2008, from $750,000 plus GST (if any) to $950,000 plus GST (if any). This proposed increase takes account of the increase in the size of our board to include 7 non-executive directors, and the added responsibilities of the chairpersons of the Audit and Risk and Human Resources committees of the board. No increase is proposed in the base level of fees paid to individual directors. None of the directors nor any of their associates is entitled to vote on the resolution relating to the increase in directors' fees.

The board recommends shareholders vote in favour of all resolutions.

Shareholders and capital noteholders are invited to submit questions prior to the annual meeting by post (PO Box 6443, Wellesley Street, Auckland) or by email (sceginfo@skycity.co.nz). We will aggregate the main themes of the questions asked and respond to them at the meeting.

For those shareholders attending the meeting, please bring the combined attendance card, proxy form and voting paper with you to assist with your registration and for voting purposes. Capital noteholders who are not also shareholders have not been sent the proxy form/voting paper but are entitled to attend the meeting. However, as referred earlier, capital noteholders who are not also shareholders cannot vote on the resolutions being put to the meeting.

Voting at the 2008 Annual Meeting will be, as has been the practice in the past, by way of poll.

If you are not intending to attend the Annual Meeting, please complete and lodge the proxy form so that it reaches Computershare Investor Services Limited not later than 10:00am (New Zealand time) on Wednesday 29 October, being 48 hours prior to the meeting. Please remember to state your voting instructions on the proxy form.

A live recording of the Annual Meeting will be broadcast on our website, commencing at 10.00am on Friday 31 October 2008. A test page is available on the site so you can visit prior to the Annual Meeting to ensure you are able to view and hear the broadcast. The recording will be available on our website following the meeting.

Copies of the presentations made at the Annual Meeting and the results of voting will be posted on the company's website (www.skycityentertainment.com) following the conclusion of the meeting and finalisation of the voting results.

I look forward to seeing you at SKYCITY's 2008 Annual Meeting.

Yours faithfully

Rod McGeoch
Chairman

EXPLANATORY NOTES

Agenda Item 1

RE-ELECTION OF SIR DRYDEN SPRING

Sir Dryden Spring retires by rotation and offers himself for re-election.

Sir Dryden is the Chairman of the Audit and Risk Committee of the board.

Sir Dryden is also Chairman of ANZ National Bank Limited, a director of Fletcher Building Limited and Port of Tauranga Limited, and a trustee of the New Zealand Business and Parliamentary Trust. He is a distinguished fellow of the New Zealand Institute of Directors.

The board considers Sir Dryden to be an independent director and unanimously recommends that shareholders vote in favour of his re-election.

Agenda Item 2

ELECTION OF PETER CULLINANE

Peter Cullinane, having been appointed to the board by directors on 26 March 2008, retires at the meeting and offers himself for election.

Peter Cullinane is a member of the Audit and Risk Committee of the board.

Mr Cullinane is a former Chief Operating Officer, Saatchi & Saatchi Worldwide. Since returning to New Zealand and establishing Assignment Group, he has specialised in providing strategic advice to a wide range of New Zealand and international clients.

The board considers Peter Cullinane to be an independent director and unanimously recommends that shareholders vote in favour of his election.

Agenda Item 3

ELECTION OF JANE FREEMAN

Jane Freeman, having been appointed to the board by directors on 26 March 2008, retires at the meeting and offers herself for election.

Jane Freeman is a member of the Human Resources Committee of the board.

Ms Freeman is also a director of Air New Zealand Limited, Delegat's Wines Limited, and Pumpkin Patch Limited.

The board considers Ms Freeman to be an independent director and unanimously recommends that shareholders vote in favour of her election.

Agenda Item 4

ISSUE OF SHARE RIGHTS TO NIGEL MORRISON

Introduction

Nigel Morrison commenced his role as Chief Executive Officer of SKYCITY Entertainment Group Limited on 1 March 2008.

As part of Mr Morrison's appointment process, the board undertook a comprehensive review to determine the appropriate total remuneration package for the company's Chief Executive Officer. In determining the remuneration package, the board considered the scope of the Chief Executive Officer's role, the business challenges and opportunities facing the company, and market practice for the remuneration of chief executive officers in positions of similar responsibility and sectors in Australasia.

The board has determined that:

+ a significant component of Mr Morrison's remuneration package should be linked to both the company's performance and to his personal performance as SKYCITY's Chief Executive Officer in each financial year; and
+ a portion of that component should be structured to provide effective longer-term incentive arrangements for Mr Morrison which align his interests with the interests of shareholders and encourage Mr Morrison's long-term commitment to the company.

Under his employment agreement, Nigel Morrison's remuneration arrangements for the period from 1 March 2008 to 30 June 2009 (**Initial Period**) comprise:

+ Base cash remuneration of NZ$1,300,000 per annum;
+ An annual performance incentive arrangement (**Annual Performance Incentive**) payable in cash. The base or target value of the Annual Performance Incentive is NZ$900,000, and the maximum value is NZ$1,200,000. The amount of Annual Performance Incentive (if any) awarded, will be determined by the board, in its discretion, based on the board's assessment of Mr Morrison's achievement of his performance objectives following the end of the financial year;
+ A long term incentive arrangement (**Long Term Incentive Plan**) under which (subject to shareholder approval) share rights (**Share Rights**) with a nominated value of NZ$1,200,000 will be issued annually. The number of Share Rights issued will be determined by dividing the nominated value

by the weighted average closing price of SKYCITY shares on NZSX over the 10 trading days prior to the issue date. As Nigel Morrison commenced his role on 1 March 2008, his employment agreement provides that the initial grant of 491,132 Share Rights with a nominated value of NZ$1,800,000 and will be issued for the 18 month period from 1 March 2008 to 31 August 2009.

The employment agreement provides that Mr Morrison's remuneration package (including the Annual Performance Incentive and nominated value of Share Rights to be issued under the Long Term Incentive Plan) will be reviewed annually with effect from 30 June 2009.

Shareholders are being asked to approve the issue to Mr Morrison of a maximum number of Share Rights under the Long Term Incentive Plan, as agreed with him at the time of his appointment.

In addition to these explanatory notes this notice of meeting contains:

+ an independent appraisal report from Deloitte relating to the Share Rights proposed to be issued to Mr Morrison, as required by NZX Listing Rule 6.2.2. Deloitte has concluded that the quantum and the terms and conditions of the proposed issue of Share Rights is fair to shareholders of the company other than Mr Morrison, and
+ an independent review of Nigel Morrison's remuneration package, including the proposed issue of Share Rights, by Egan Associates.

The following information has been placed in the 2008 Annual Meeting section of the company's website (www.skycityentertainment.com):

+ the detailed terms (**Terms**) of the Share Rights proposed to be issued to Mr Morrison, and
+ an explanatory memorandum (**Performance Hurdles Memorandum**) in relation to the performance hurdles and the performance hurdle testing dates referred to in the Terms, and the means by which the board will determine whether the performance hurdles have been satisfied, for Share Rights proposed to be issued in 2008.

Requirement for Shareholder Approval

Although Mr Morrison is not a director of SKYCITY as at the date of this notice of meeting, it is intended that he will be appointed as a director of the company once all necessary regulatory approvals have been obtained for his appointment. Accordingly, shareholder approval, by ordinary resolution, is being sought for the issue of Share Rights to him pursuant to clause 6.10 of the company's constitution, Listing Rule 7.3.1 of the NZX Limited Listing Rules for the NZSX and Listing Rule 10.14 of the Australian Stock Exchange Limited Listing Rules. This is the first shareholder approval sought for the issue of securities under the Long Term Incentive Plan.

Mr Morrison is the only person entitled to participate in the Long Term Incentive Plan. No one else may participate in the Long Term Incentive Plan.

If shareholder approval is not obtained for the issue of Share Rights, the company will instead put in place a cash-based long term incentive scheme for Mr Morrison with an equivalent value to the Share Rights that would have been issued under the Long Term Incentive Plan.

Long Term Incentive Plan

As indicated above, part of Mr Morrison's remuneration package under his employment agreement provides long term incentives to align his interests with the interests of shareholders and to encourage his long term commitment to SKYCITY.

It is proposed, in this regard, that the board will issue Mr Morrison with rights to acquire ordinary shares in SKYCITY (**Share Rights**). Share Rights do not carry any entitlement to distributions or earnings, or the right to vote, prior to exercise. The number of Share Rights which Mr Morrison is entitled to exercise will depend on the performance of SKYCITY relative to the applicable performance hurdles.

In order to give effect to this proposal, approval is sought from shareholders by ordinary resolution for the issue to Mr Morrison of:

(a) 491,132 Share Rights by 30 November 2008, which Share Rights shall be deemed to have been issued to Mr Morrison on 1 March 2008; and

(b) up to a further 1,508,868 Share Rights, in total, in the period from 1 September 2009 to 30 October 2011;

on the Terms.

In broad terms, the Terms provide that:

(a) each Share Right will be granted, and (if exercisable) may be exercised, at no cost to Mr Morrison;

(b) if exercised, each Share Right corresponds to one fully paid ordinary Share (**Share**) in SKYCITY; and

(c) the Share Rights will not be quoted, cannot be traded and are not transferable, except to an associate of Mr Morrison with the prior approval of the board.

On specified dates (**Performance Testing Dates**), the board will determine whether the performance hurdles have been satisfied and, if so, how many of the Share Rights can be exercised to receive Shares (**Exercisable**). It is proposed that there will be three Performance Testing Dates in respect of the Share Rights issued to Mr Morrison this year:

(a) 1 March 2011 (the **Initial Testing Date**);

(b) 1 September 2011; and

(c) 1 March 2012.

The Performance Testing Dates for Share Rights issued to Mr Morrison after 1 September 2009 will be determined by the board at the time at which those Share Rights are issued.

Number of Share Rights Issued

It is proposed to issue 491,132 Share Rights (**2008 Share** Rights) to Nigel Morrison in respect of the 18 month period from 1 March 2008 to 31 August 2009. The number of Share Rights has been calculated by dividing the nominated value of NZ$1,800,000 by the average closing price of SKYCITY's ordinary shares (**Shares**) on the NZSX during the ten trading days from and including 13 March 2008, as provided in his employment agreement. First NZ Capital Limited has calculated this average closing price as $3.665.

The number of Share Rights that will be issued in 2009, 2010 and 2011 will be calculated by dividing the nominated value in that year (NZ$1,200,000 currently) by the average closing price of shares on the NZSX over the ten trading days following the preliminary announcement of SKYCITY's annual financial results to the market in the relevant year.

Performance Hurdles

Whether (and how many) Share Rights become Exercisable will depend on SKYCITY meeting the applicable performance hurdles as at the Performance Testing Dates.

The 2008 Share Rights will only become Exercisable if SKYCITY's total shareholder return (**TSR**) over the period from the Issue Date (i.e. 1 March 2008) to the relevant Performance Testing Date meets or exceeds the average of the 50th percentile of the TSRs of:

(a) a specified group of companies that the board considers are appropriate peers of SKYCITY (**Peer Comparator Group**); and

(b) the companies who make up the NZSX 50 Index on the Issue Date (**Index Comparator Group**);

(such average the **Average Median TSR**).

A company's TSR corresponds to the increase in market price in the company's shares and the value of dividends and other distributions received by shareholders over the period to the relevant Performance Testing Date.

If SKYCITY's TSR performance is equal to the Average Median TSR as at the relevant Performance Testing Date, then 50% of the 2008 Share Rights become Exercisable. The number of 2008 Share Rights that become Exercisable then increases, on a straight line basis, such that all of the 2008 Share Rights will become Exercisable as at the relevant Performance Testing Date if the SKYCITY TSR is at, or above, the average of the TSRs representing the 75th percentile of the TSRs of the Peer Comparator Group and Index Comparator Group.

The board has a discretion to determine that up to 25% of the 2008 Share Rights become Exercisable if SKYCITY's TSR does not equal or exceed the Average Median TSR, but exceeds the 50th percentile of the TSR's of one or other of the Peer Comparator Group or Index Comparator Group.

The board is not bound to follow the process outlined above in all circumstances, and has some discretion to impose its own judgement in certain defined situations as set out in the Terms and/or Performance Hurdles Memorandum.

Achievement of performance hurdles (including TSRs) will not be calculated by the board, but by an independent party appointed by the board. SKYCITY's auditor will review the calculations if it is not appointed to undertake them.

The performance hurdles for Share Rights issued to Mr Morrison in 2009, 2010 and 2011 will be fixed by the board at the time those Share Rights are issued to him.

Adjustments to entitlement on Exercise of Share Rights

The board may adjust the Terms (including the entitlement to receive one Share on the exercise of a Share Right) if there is a change in SKYCITY's capital structure between the Issue Date and the date Share Rights are exercised, to ensure that no benefit is conferred on Mr Morrison that is not conferred on SKYCITY's shareholders (and vice versa). The adjustment or alteration that the board makes to the Terms will be reviewed and approved by an independent party.

Inability to issue or transfer Shares

If, for any reason, the board is unable to issue or transfer shares to Mr Morrison within six months after the date on which any Share Rights are exercised by him, Mr Morrison will receive an equivalent value in cash instead of the resultant number of Shares.

Lapse of Share Rights

If Mr Morrison ceases to be employed by SKYCITY as a result of termination of his employment by the company for cause, then any Share Rights which have not become Exercisable by the date on which he ceases to be an employee (**Cessation Date**) will lapse on the Cessation Date.

If Mr Morrison:

(a) gives notice terminating his employment as a result of a material change to the terms and conditions of his employment, so that there is a substantial diminution of his role, status and responsibility, without his consent; or

(b) has his employment terminated without cause as provided in his employment agreement,

in the period of 12 months immediately preceding the Initial Testing Date for any Share Rights, then those Share Rights will not lapse on the Cessation Date. However, any such Share Rights that do not become Exercisable as at the Initial Testing Date will lapse.

If Mr Morrison ceases to be an employee of SKYCITY in any other circumstances, the board may, in its discretion exercised reasonably, determine that some or all of his Share Rights that have not become Exercisable by the Cessation Date will lapse on the Cessation Date.

In determining whether any such Share Rights should lapse, the Board will have regard to such matters as it may decide including, without limitation:

(a) Mr Morrison's performance;

(b) the circumstances under which Mr Morrison ceased to be an employee; and

(c) if the Cessation Date is prior to the Initial Testing Date, the period from the Cessation Date to the Initial Testing Date as a proportion of the period from the Issue Date to the Initial Testing Date.

Current and Maximum Shareholding as a result of Long Term Incentive Plan

Mr. Morrison currently has a relevant interest in 79,394 Shares representing less than 0.01% of SKYCITY's issued shares. If Mr. Morrison were issued the maximum number of Share Rights specified in Resolution 4, and if all such Share Rights were exercised, Mr. Morrison would receive an additional 2,000,000 Shares (subject to any adjustment for capital reconstructions). If Mr. Morrison continued to hold these Shares, his relevant interest would represent less than 0.5% of SKYCITY's issued Shares. This percentage does not account for additional Shares that may be issued prior to exercise of the Share Rights.

Disclosure of Number of Share Rights and Restricted Shares

The actual number of Share Rights issued to Mr Morrison as part of an incentive payment for a financial year will be disclosed in the company's annual report following the issue together with the details of the shareholder approval previously obtained.

Recommendation

Nigel Morrison, as Chief Executive Officer, is responsible for managing the business of the company and for ensuring compliance with the regulatory regimes under which the company operates. The successful performance of those responsibilities will influence the company's results and the level of return to the company's shareholders.

The directors believe that the proposed issue of Share Rights on the terms set out above takes into account the interests of Mr Morrison as Chief Executive Officer (and the need to reward him in an appropriate manner) and matches those interests with shareholders' interests, because they provide challenging but attainable incentives to enhance shareholder value over time.

Included in this notice of meeting is an independent appraisal report from Deloitte reviewing the proposed issue of Share Rights and a letter from Egan Associates, confirming respectively that the quantum and the terms and conditions of the issue of Share Rights is fair to shareholders not associated with Mr Morrison, and that the remuneration structure is appropriate and represents reasonable remuneration for the Chief Executive Officer of a business with the size and complexity of SKYCITY.

EXPLANATORY NOTES continued

The board recommends to shareholders that it be authorised to issue up to the maximum number of Share Rights specified in the resolution to Mr Morrison.

Agenda Item 5

INCREASE IN DIRECTORS' FEES

Directors' fees were last increased by shareholders at the 2006 annual meeting. At that meeting, shareholders voted in favour of a total pool for payments to directors of $750,000 per annum (plus GST if any). Agenda item 5 for this meeting proposes an increase in the total pool for director fee allocation from $750,000 to $950,000 per annum (plus GST if any), and that such increase take effect from 1 July 2008.

There were six non-executive directors at the time of the 2006 annual meeting. The size of the board has since increased to seven non-executive directors.

Current fees for SKYCITY directors, allocated from the approved pool of $750,000, are $200,000 per annum for the board chairperson, $90,000 per annum for each non-executive director, $10,000 per annum for members of the Audit and Risk and Human Resources committees, and an additional $10,000 per annum for the chairpersons of the Audit and Risk and Human Resources committees.

No increase is proposed in the base level of fees for the Chairman or non-executive directors. However, the workload and responsibilities of publicly-listed company directors continues to increase both in terms of complexity and time commitment. In both the Audit and Risk and Human Resources domains, issues to be dealt with and determined by the committees have become increasingly more complex and onerous. Accordingly, small increases of fees are proposed to recognise this increased workload for chairpersons of those committees.

Shareholder approval for the proposed increase in the fee pool is required pursuant to NZX Listing Rule 3.5.1 and ASX Listing Rule 10.17.

If the proposed increase in the fee pool is approved by shareholders, the board's current intention is that the fee pool will be allocated as follows:

+ $200,000 per annum to the board chairperson (no change);
+ $90,000 per annum for non-executive directors (no change);
+ $10,000 per annum for members of the Audit and Risk and Human Resources committees (including the chairpersons) (no change);
+ $25,000 per annum for the chair of the Audit and Risk committee (an increase of $15,000 per annum); and
+ $15,000 per annum for the chair of the Human Resources committee (an increase of $5,000 per annum);

Agenda Item 6

REMUNERATION OF AUDITOR

Section 200 of the Companies Act 1993 provides that a company's auditor is automatically re-appointed unless there is a resolution or other reason for the auditor not to be re-appointed. The company wishes PricewaterhouseCoopers to continue as the company's auditor, and PricewaterhouseCoopers has indicated its willingness to do so.

Section 197(a) of the Companies Act 1993 provides that the fees and expenses of PricewaterhouseCoopers as auditor are to be fixed in such a manner as the company determines at the annual meeting. The board proposes that, consistent with commercial practice, the auditor's fees should be fixed by the directors. Authority for the directors to fix the fees and expenses of the auditor is a resolution at each annual meeting of shareholders of the company.

Deloitte.

7 October 2008

The Independent Directors
SKYCITY Entertainment Group Limited
PO Box 6443
Wellesley Street
AUCKLAND

Dear Directors

APPRAISAL REPORT IN RESPECT OF THE ISSUE OF SHARE RIGHTS TO MR NIGEL MORRISON

Introduction

The Directors of SKYCITY Entertainment Group Limited ("SKYCITY or the "Company") are proposing to issue Mr Nigel Morrison, Chief Executive Officer of SKYCITY, up to a maximum of 2,000,000 Share Rights over the period 2008 – 2011 under the Chief Executive Officer Long Term Incentive Plan 2008 (the "Plan"). The proposed issue of Share Rights will be on the terms and conditions set out in the explanatory notes to the Notice of Annual Meeting and in the Chief Executive Officer Long Term Incentive Plan Terms 2008 (the "Terms").

This Appraisal Report has been prepared on the basis that Mr Morrison is to be treated as if he is a Director or an Associated Person of a Director, given SKYCITY's announcement on 12 September 2008 that he is to be appointed a Director once the regulatory approvals have been obtained. Therefore, the issue of the Share Rights to Mr Morrison is required to be approved by a simple majority of the shareholders entitled to vote in accordance with NZSX Listing Rule 7.3.1. NZSX Listing Rule 6.2.2 requires an Appraisal Report to be prepared where more than 50% of the securities to be issued will be acquired by Directors or Associated Persons of Directors.

Accordingly, Deloitte has been requested by the Independent Directors of SKYCITY to advise the shareholders not associated with Mr Morrison (the "Non-Associated Shareholders") whether in our opinion the issue of the Share Rights to Mr Morrison under the Terms is fair to the Non-Associated Shareholders. Deloitte has been approved by NZX Limited as being independent and appropriately qualified to prepare this Appraisal Report.

Deloitte issues this Appraisal Report to assist the Non-Associated Shareholders in forming their own opinion on whether to vote for or against the resolution in respect of the issue of Share Rights. We note that each shareholder's circumstances are unique. Accordingly, it is not possible to report on the fairness of the Plan in relation to each shareholder. This Appraisal Report is therefore necessarily general in nature.

Any capitalised terms relating to the Plan that are used but not defined in this Appraisal Report have the meaning given in the Terms. All dollar figures refer to New Zealand dollars.

Approach to Evaluation

In our opinion, the quantum and the terms and conditions of the issue of Share Rights to Mr Morrison under the Terms will be fair to the Non-Associated Shareholders if:

- the Share Rights issued represent a fair level of long term incentive remuneration to Mr Morrison when viewed as part of a total remuneration package;
- the issue of Share Rights achieves the objectives of the Board in aligning the Chief Executive's interests with the interests of the Non-Associated Shareholders; and
- there is no material negative impact on the Non-Associated Shareholders.

Number of Share Rights Issued

The SKYCITY Board has determined the structure for Mr Morrison's remuneration package. Included in the remuneration package is the granting, in respect of a four and a half year period, of a maximum of 2,000,000 Share Rights. It is proposed that 491,132 Share Rights will be issued in 2008 in respect of the 18 month period from 1 March 2008 to 31 August 2009. The number of Share Rights to be issued in 2009, 2010 and 2011 will be calculated by dividing the "nominated value" of the long term incentive component of Mr Morrison's remuneration (currently $1.2 million per annum) by the then current SKYCITY share price.

When considering the value of Mr Morrison's remuneration prior to his appointment, the SKYCITY Directors sought external advice from Egan Associates, specialist remuneration consultants. Egan Associates has advised SKYCITY that the remuneration being offered to Mr Morrison is appropriate and represents reasonable remuneration for a Chief Executive of a business with the size and complexity of SKYCITY, and the remuneration strategy is consistent with the Board's stated policy.

We have researched the total remuneration packages, and the proportion of equity-linked remuneration, for Chief Executive Officers of broadly similar listed companies, by size and industry, in New Zealand and Australia. We observe that Mr Morrison's total remuneration package and the proportion of equity-linked remuneration is within the range of the comparable data.

We conclude that the maximum number of Share Rights proposed to be issued over the period 2008 – 2011 represents a fair level of long term incentive remuneration to Mr Morrison when viewed as part of a total remuneration package. We base this opinion on the fact that SKYCITY received external advice from a specialist remuneration consultant and on our own analysis of the remuneration of the Chief Executive Officers of comparable companies.

We note that, largely because of the Plan's performance hurdles, the fair value of the Share Rights when issued will be materially less than the "nominated value" used to determine the number of Share Rights issued (currently set at $1.2 million per annum).

Alignment of Interests

Whether (and how many) Share Rights become exercisable will depend on the achievement of designated performance hurdles. In respect of the Share Rights proposed to be issued in 2008, the hurdles compare the total shareholder return ("TSR") of SKYCITY with the TSR of the Peer Comparator Group and the Index Comparator Group. Because the Share Rights have a nil exercise price, the value of the Share Rights upon exercise (should they become exercisable, and adjusted for share splits, etc) will be equal to the then SKYCITY share price.

The relative performance hurdles ensure that Mr Morrison is rewarded under the Plan principally for Company-specific out-performance rather than share price performance driven by industry-wide or macro-economic factors.

In our opinion the proposed issue of Share Rights achieves the objectives of the Board in aligning the Chief Executive's interests with the interests of the Non-Associated Shareholders based on the following:

- Mr Morrison will only receive a benefit from the issue of Share Rights in 2008 if SKYCITY generates a TSR over three to four years in the top half of the Peer Comparator Group or the Index Comparator Group. The number of Share Rights that vest increases as SKYCITY's TSR performance approaches the average of the TSRs achieved by the 75th percentile of the Peer Comparator Group and Index Comparator Group, at which level all Share Rights issued will vest;
- future issues of Share Rights under the Plan will also have vesting performance hurdles focussed on the relative performance of SKYCITY, achievement of compound rates of growth in earnings per share, or comparable measures; and
- the value of the benefit received in respect of the Share Rights that become exercisable (based on the achievement of the performance hurdles) correlates with the capital return to SKYCITY's shareholders (i.e. the absolute share price performance).

The Plan's structure therefore provides both a reward to Mr Morrison for superior relative performance of the Company and a "sharing of the outcomes" with SKYCITY's shareholders (i.e. greater absolute dollar returns to shareholders will result in greater value to Mr Morrison for those Share Rights that do become exercisable).

Impact on the Non-Associated Shareholders

The exercise of the Share Rights may result in a slight dilution of the Non-Associated Shareholders' ownership percentages. The degree of the dilution depends on the number of Share Rights issued and the proportion that ultimately become exercisable (which in turn depends on the extent to which the performance hurdles are achieved).

Based on the maximum of 2,000,000 Share Rights that could be issued up to 30 October 2011, the maximum dilutionary impact of the Share Rights for which approval is sought is approximately 0.4 % over four years, or approximately 0.1% per annum. We consider this maximum dilution to the shareholdings of Non-Associated Shareholders arising from the exercise of Share Rights to be minimal. Our opinion takes into account that the maximum dilution of 0.4% would require sustained out-performance by SKYCITY (to the benefit of shareholders). We also note that the alternative, if the issue of Share Rights is not approved, is likely to be a cash-based scheme with a similar economic cost to shareholders, and possibly with a weaker alignment of interests.

Deloitte.

Accounting Issues

Accounting for the Plan will be governed by the requirements of NZ IFRS 2 – Share Based Payments.

The total expense to be recognised in SKYCITY's Statement of Financial Performance over the vesting period will be the estimated fair value of the Share Rights when issued. The total expense will be spread over the vesting period. The estimated fair value of the Share Rights will take into account the TSR vesting condition and the dividend yield on the ordinary shares. The impact of these factors means that the estimated fair value of the Share Rights when issued will be materially less than the "nominated value" (currently set at $1.2 million per annum).

Implications of the Resolution Not Being Approved

In the event that the resolution in respect of the Chief Executive Officer Long Term Incentive Plan 2008 is not approved, the Company will instead put in place a cash-based long term incentive scheme for Mr Morrison with an equivalent value to the fair value of the Plan.

In our opinion this would be a less desirable outcome for the Non-Associated Shareholders as it will have a similar economic cost to shareholders but possibly a weaker alignment of Mr Morrison's interests with those of shareholders compared to the issue of Share Rights under the Plan.

Conclusion

Based upon our three evaluation criteria, in our opinion the quantum and the terms and conditions of the proposed issue of Share Rights to Mr Morrison under the Chief Executive Officer Long Term Incentive Plan 2008 is fair to the Non-Associated Shareholders.

Voting For or Against the Resolution in Respect of the Long Term Incentive Plan

We consider that SKYCITY has provided sufficient information for the Non-Associated Shareholders to make an informed decision with respect to the proposed issue of Share Rights to Mr Morrison.

Voting for or against the resolution in respect to the issue of Share Rights is a matter for individual shareholders to decide based on their own views as to the value of the Share Rights, future market conditions, their risk profile and other factors. Shareholders will need to consider these factors and consult their own professional advisor if appropriate.

Disclaimer and Indemnity

This Appraisal Report has been prepared with care and diligence and the statements and conclusions in this report are given in good faith and in the belief, on reasonable grounds, that such statements and conclusions are not false or misleading. We assume no liability to any person for this opinion except where it is finally judicially determined that Deloitte expressed this opinion recklessly or in bad faith.

SKYCITY has agreed to the extent permitted by law, that it will indemnity Deloitte and its partners, employees and consultants in respect of any liability suffered or incurred as a result of or directly in connection with the preparation of this Appraisal Report. This indemnity does not apply if it is finally judicially determined that Deloitte expressed this opinion recklessly or in bad faith.

SKYCITY has also agreed to indemnity Deloitte and its partners, employees and consultants for time incurred and any costs in relation to any inquiry or proceeding initiated by any person. Where it is finally judicially determined that Deloitte has expressed this opinion recklessly or in bad faith, Deloitte shall reimburse such costs.

Yours faithfully
DELOITTE

Chas. G. Cable

Chas Cable
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7 October 2008

Mr R McGeoch
Chairman
SKYCITY Entertainment Group Limited
Federal House
86 Federal Street
Auckland
New Zealand

Dear Mr McGeoch

As requested, we have provided this letter to assist shareholders in determining the appropriateness of the Board recommended remuneration and in particular the issue of share rights to Nigel Morrison, the Chief Executive Officer of SKYCITY Entertainment Group Limited who took up his appointment on 1 March 2008.

Prior to Nigel Morrison's appointment we undertook research into remuneration arrangements of Chief Executive Officers among Australasian groups with comparable commercial attributes to SKYCITY. The focus of our research was both on leading Australasian companies in the leisure and entertainment sector and the wider global marketplace, given Nigel Morrison's prior employment with an international gaming corporation.

We endorsed the advice by the company to the Australian and New Zealand Stock Exchanges setting out the terms of Nigel Morrison's remuneration, including his base remuneration of NZ$1,300,000, annual performance potential, and long term performance potential in the form of share rights. We also endorsed and supported the initial allocation of share rights to Nigel Morrison and the fact that these share rights were intended to cover his employment over an eighteen month period. We note and endorse the performance hurdles and testing regime applicable to the long term incentive plan.

We note that Agenda item 4 of the Annual Meeting of shareholders to be held in Auckland on 31 October sets out the maximum number of share rights that may be issued under the long term performance incentive element of Nigel Morrison's remuneration. We note the explanatory notes pertaining to the long term performance incentive reflect our advice.

Having regard to the aggregate of Nigel Morrison's remuneration and the significant proportion which is subject to performance, it is our judgement that the structure of the CEO's reward is appropriate and represents reasonable remuneration for the Chief Executive Officer of a business with the size and complexity of the SKYCITY Entertainment Group.

It is our judgement that the combination of fixed annual remuneration, annual incentive and the long term equity based incentive program tied to total shareholder return hurdles represent both a competitive and reasoned outcome having regard to the Australasian marketplace, the circumstances of Nigel Morrison at the time of his appointment and the challenges facing the company today.

Under the structure of the reward determined by the Board, approximately two-thirds of the CEO's reward arrangements are subject to performance, both externally benchmarked and/or aligned to Board approved business plans and strategies for the Group moving forward. It is our judgement that this remuneration strategy is consistent with the Board's stated policy and is reasonable.

Yours sincerely

John V. Egan

John V Egan

SKYCITY

ENTERTAINMENT GROUP

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