

SKYCITY ACES

In October 2005, SKYCITY Investments Australia Limited (Issuer) issued through a public offer in Australia, A\$150 million of unsecured, subordinated SKYCITY ACES (1.5 million x A\$100), a perpetual reset exchangeable security.

The SKYCITY ACES are a perpetual security, with some terms (including coupon rate) able to be reset by the Issuer on reset dates. The reset dates are every five years from the first reset date of 15 December 2010.

SKYCITY ACES TERMS

The following are the terms of issue of ACES (ACES Terms) which apply to all ACES.

Some words and expressions in these ACES Terms have defined meanings. These words and expressions have capital letters and are defined in clause 15.1 of these ACES Terms.

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1. FORM, FACE VALUE AND ISSUE PRICE

1.1 FORM

ACES (Adjustable Coupon Exchangeable Securities) are perpetual reset exchangeable debt securities issued by SKYCITY Investments Australia Limited (Issuer) under these ACES Terms and the Trust Deed.

ACES are subordinated debt obligations of the Issuer and take the form of entries in the Register and have the benefit of a subordinated guarantee (Subordinated Guarantee) from SKYCITY Entertainment Group Limited (SKYCITY). ACES will be transferable.

1.2 FACE VALUE AND ISSUE PRICE

ACES have a face value of A\$100 (Face Value). The first ACES issued will have an issue price of A\$100, and any ACES issued subsequently will have an issue price determined by the Directors. The issue price must be paid in full on application.

2. COUPON

2.1 CALCULATION OF COUPON

Subject to these ACES Terms, the Holder of each ACES on the Record Date is entitled to receive on the relevant Coupon Payment Date for each Coupon Period (being the Coupon Payment Date immediately following that Coupon Period) a Coupon payable in Australian dollars and calculated using the following formula:

$$\text{Coupon} = \frac{\text{Coupon Rate} \times \text{Face Value} \times \text{N}}{365}$$

where:

Coupon Rate (expressed as a percentage per annum) is calculated using the following formula:

$$\text{Coupon Rate} = (\text{Market Rate} + \text{Margin}) \times (1 - \text{Tax Rate})$$

where:

(Market Rate + Margin) (expressed as a percentage) means:

- (a) for the Coupon Period from (and including) the Settlement Date to (but excluding) the first Coupon Payment Date, the higher of:
 - (i) 8.0% per annum; and
 - (ii) the Bank Bill Rate applying on the Settlement Date plus the Margin determined through the Bookbuild; and
- (b) for subsequent Coupon Periods, the Market Rate for that Coupon Period plus the Margin for that Coupon Period;

Market Rate (expressed as a percentage per annum) means:

- (a) for Coupon Periods in the period from (and including) the first Coupon Payment Date to (but excluding) the first Reset Date, the Bank Bill Rate applying on the first Business Day of that Coupon Period; and
- (b) for subsequent Coupon Periods, the Market Rate as determined under clause 10;

Margin (expressed as a percentage per annum) means:

- (a) for Coupon Periods in the period from (and including) the first Coupon Payment Date to (but excluding) the first Reset Date, the margin determined through the Bookbuild; and
- (b) for subsequent Coupon Periods, the Margin as determined under clause 10; and

Tax Rate (expressed as a decimal) means the Australian corporate tax rate applicable to the franking account of the Issuer from which the Coupon will be franked as at the relevant Coupon Payment Date; and

N means the number of days from (and including) the Settlement Date or the preceding Coupon Payment Date (whichever is later) to (but excluding) the relevant Coupon Payment Date.

2.2 FRANKING CREDIT GROSS-UP

If any Coupon is not franked to 100% under Part 3-6 of the Australian Tax Act (or any provisions that revise or replace that Part), the Coupon will be adjusted using the following formula:

$$\text{Coupon (after adjustment)} = \frac{\mathbf{C}}{1 - [\text{Tax Rate} \times (1 - \mathbf{Franking Rate})]}$$

where:

C means the Coupon calculated under clause 2.1; and

Franking Rate (expressed as a decimal) means the franking percentage (within the meaning of Part 3-6 of the Australian Tax Act or any provisions that revise or replace that Part) applicable to the Coupon.

2.3 DIRECTOR'S DISCRETION TO NOT PAY COUPONS

- (a) The payment of a Coupon is subject to the Directors, at their discretion, determining the Coupon (or any part of it) to not be payable.
- (b) Coupons calculated under clauses 2.1 or 2.2 but not payable under clause 2.3(a) do not accumulate and are not payable and the Issuer will have no liability to pay any such Coupon.
- (c) If any Coupon will not be payable under clause 2.3(a), the Issuer must give at least 15 Business Days' prior notice of that fact to the Trustee.

2.4 SUBSEQUENT ISSUES OF ACES

For the purposes of determining the Coupon of any ACES issued after the Issue Date, each of those ACES will be deemed to have been issued on the issue date of those ACES or such other date as the Directors determine (which other date must have been notified to potential applicants in the offer to those (ACES), and references to clause 2.1 to:

- (a) the Settlement Date shall be read as references to that date;
- (b) the first Coupon Payment Date shall be read as references to the first Coupon Payment Date after that date; and
- (c) 8.0% per annum shall be read as references to a rate determined by the Directors in respect of the offer of those ACES.

2.5 OPTIONAL COUPON

- (a) If all or any part of a Coupon is not paid on a Coupon Payment Date under clause 2.3(a), the Issuer may, in its absolute discretion, on a date which it notifies to Holders, pay all or any part of the Coupon plus any further amount necessary to ensure that Holders receive the value of the franking credits that they would have received on the Coupon as calculated under clause 2.1 on a fully franked basis (Optional Coupon). Notwithstanding the Issuer's discretion to pay an Optional Coupon under this clause 2.5 but subject to clause 2.5(b), a Holder has no claim in respect of an Optional Coupon.
- (b) An Optional Coupon Equal to:
 - (i) the aggregate of any Coupons scheduled to be paid in the period of 12 months before the Exchange Date that have not been, and will not be, paid on the Exchange Date plus any further amount necessary to ensure that Holders receive the value of the franking credits that they would have received on the Coupon as calculated under clause 2.1 on a fully franked basis; less
 - (ii) any Optional Coupons paid in respect of Coupons referred to in clause 2.5(b)(i) is payable on the Exchange Date on the relevant ACES being Exchanged, Redeemed or Resold.
- (c) An Optional Coupon may be franked. To the extent it is franked, the amount of the Optional Coupon paid will in these ACES Terms (including clauses 2.5(b) and 2.6) be taken to be both the cash amount paid and the value of the attached franking credits (determined having regard to the principles implicit in clauses 2.1 and 2.2).
- (d) An Optional Coupon is only payable to the Holder of the relevant ACES on the Record Date in respect of the Optional Coupon.

2.6 DIVIDEND STOPPER

If all or any part of a Coupon is not paid on a Coupon Payment Date under clause 2.3(a), no dividends may be declared or paid by SKYCITY on any Ordinary Shares or preference shares (if any are on issue at the relevant time) or any securities which rank equally with Ordinary Shares or preference shares (if any are on issue at the relevant time) on or after the relevant Coupon Payment Date, and SKYCITY may not effect a reduction of capital or buy-back (other than for no consideration), unless and until the Issuer has paid in full in respect of all ACES on issue either:

- (a) four consecutive Coupons (or such other number as equates to a full year of Coupons); or
- (b) An Optional Coupon equal to:
 - (i) the aggregate of any Coupons scheduled to be paid but unpaid in the period of 12 months before the relevant date plus any further amount necessary to ensure that Holders receive the value of the franking credits that would have received on the Coupon as calculated under clause 2.1 on a fully franked basis; less
 - (ii) any Optional Coupons paid in respect of Coupons referred to in clause 2.6(b)(i).

2.7 COUPON PAYMENT DATES

Subject to this clause 2, Coupons will be payable in arrears on the following dates (each a Coupon Payment Date, whether or not a Coupon is paid on that date):

- (a) each 15 March, 15 June, 15 September and 15 December commencing 15 December 2005, or the Coupon Payment Dates as determined under clause 10;
- (b) each Reset Date; and
- (c) the Exchange Date in respect of the relevant ACES being Exchanged or Redeemed (but not ACES being Resold under clause 3.3(a)).

If a Coupon Payment Date is a day which is not a Business Day, then the Coupon Payment Date will be the next day which is a Business Day.

2.8 RECORD DATES

The Record Date for payment of:

- (a) a Coupon is 7:00pm (Sydney time) on the date which is seven calendar days before the Coupon Payment Date for that Coupon; or
- (b) an Optional Coupon is 7:00pm (Sydney time) on a date as determined by the Directors, or such other date and time before a Coupon Payment Date determined by the Directors as may be required by ASX.

2.9 ROUNDING OF COUPON AMOUNTS

For the purpose of paying any Coupon in respect of a Holder's aggregate holding of ACES, any fraction of a cent will be disregarded.

2.10 STATEMENT BY THE ISSUER CONCLUSIVE

A statement issued by the Issuer as to the Coupon to be paid to a Holder on any Coupon Payment Date, or the amount of any Optional Coupon, is, in the absence of manifest error, conclusive and binding on the Holder and may be relied upon (without investigation) by the Trustee.

3. HOLDER EXCHANGE

3.1 EXCHANGE REQUEST

A Holder may request Exchange of all or some of their ACES by giving a notice (Exchange Request) to the Issuer:

- (a) in relation to a Reset Date, at least 35 Business Days (but no more than three months) before the Reset Date;
- (b) in relation to the occurrence of a Trigger Event, no later than 20 Business Days after a Trigger Event Notice is given by the Issuer under clause 5.1; or
- (c) at any other time for the Minimum Exchange Number.

3.2 TRIGGER EVENTS

A Trigger Event means the occurrence of one or more of the following events:

- (a) the Issuer does not pay in full any Coupon, including where such non-payment is due to the application of clause 2.3(a), scheduled to be paid under clause 2 within 20 Business Days after the relevant Coupon Payment Date;
- (b) Ordinary Shares are suspended from official quotation by NZX for more than 20 successive Business Days;
- (c) ACES are suspended from official quotation by ASX for more than 20 successive Business Days;
- (d) SKYCITY announces to ASX or NZX an intention to cease or suspend the conduct of all or substantially all of its business or to sell all or substantially all of its assets (other than to effect a solvent reconstruction, scheme of arrangement or amalgamation); or
- (e) a Change in Control Event.

3.3 EXCHANGE NOTICE

- (a) On receipt of a valid Exchange Request, the Issuer must elect, at its option, to do one or a combination of the following in relation to ACES which are the subject of the Exchange Request:
 - (i) Exchange those ACES into a number of Ordinary Shares on the Exchange Date under clause 6;
 - (ii) Redeem those ACES for an amount of cash equal to the Redemption Amount on the Exchange Date under clause 7; or
 - (iii) Resell those ACES for an amount of cash equal to the Redemption Amount plus an amount equal to the Coupon that would have been paid on the relevant Exchange Date except for the application of clause 2.7(c) and have this amount paid to the Holder on the Exchange Date under clause 8.
- (b) The Issuer must give a notice to Holders who have submitted an Exchange Request notifying its election under clause 3.3(a) (Exchange Notice) no later than 25 Business Days before the relevant Exchange Date

3.4 EXCHANGE DATE

The Exchange Date is the date that the Issuer will either Exchange, Redeem or Resell ACES the subject of the Exchange Request and will be:

- (a) if the Holder has given an Exchange Request under clause 3.1(a), the relevant Reset Date;
- (b) if the Holder has given an Exchange Request under clause 3.1(b), 50 Business Days after the Issuer has given the Trigger Event Notice; or
- (c) if the Holder has given an Exchange Request under clause 3.1(c), the last Business Day of the second month following the month in which the Issuer has received the Exchange Request.

3.5 MINIMUM HOLDING REQUIREMENTS

If a Holder has less than 50 ACES and gives an Exchange Request to the Issuer it must be for all their ACES.

If a Holder gives an Exchange Request to the Issuer in respect of only some of their ACES:

- (a) the Exchange Request must be in respect of at least 50 ACES; and
- (b) immediately after the Exchange, Redemption or Resale, the Holder must hold at least 50 ACES.

If an Exchange Request does not comply with this requirement, the Issuer may choose to process or not process the Exchange Request, in its absolute discretion.

4. ISSUER EXCHANGE OR REDEMPTION

4.1 EXCHANGE NOTICE

The Issuer may elect to Exchange or Redeem ACES on issue at that time by giving a notice (Exchange Notice) to Holders:

- (a) in relation to a Reset Date (some or all ACES on issue at that time), at least 25 Business Days (but not more than three months) before the Reset Date;
- (b) at any time after the occurrence of a Change in Law Event (some or all ACES on issue at that time);
- (c) in relation to the occurrence of a Change in Control Event (some or all ACES on issue at that time), no later than six months after the Change in Control Event occurred; or

- (d) at any time if the aggregate Face Value of all ACES on issue in less than A\$50 million (all ACES on issue at that time only).

4.2 EXCHANGE DATE

If the Issuer has given an Exchange Notice under clause 4.1, the relevant Exchange Date is:

- (a) if the Issuer has given an Exchange Notice under clause 4.1(a), the relevant Reset Date; or
- (b) in any other case, 25 Business Days after the Issuer has given the Exchange Notice.

5. TRIGGER EVENT NOTICES, EXCHANGE REQUESTS AND EXCHANGE NOTICES

5.1 TRIGGER EVENT NOTICE

The Issuer must, as soon as practicable after becoming aware of the occurrence of a Trigger Event, give notice of its occurrence to all Holders by issuing a market release to ASX and sending a copy to each Holder (Trigger Event Notice). The Issuer must also give notice of its occurrence to the Trustee under the Trust Deed.

5.2 EFFECTIVENESS OF EXCHANGE REQUESTS AND EXCHANGE NOTICES

- (a) Subject to this clause 5.2 and to clause 13.5, an Exchange Request and an Exchange Notice, once given, are each irrevocable.
- (b) Once a Holder has given an Exchange Request, that Holder must not deal with, transfer, dispose of or otherwise encumber ACES the subject of the Exchange Request.
- (c) Where a Holder breaches clause 5.2(b), the Issuer is not obliged to Exchange, Redeem or Resell ACES the subject of the relevant Exchange Request.
- (d) An Exchange Request must be accompanied by ACES certificates (if any) for the relevant ACES or such other evidence of title acceptable to the Issuer.
- (e) To be valid, an Exchange Request must identify the paragraph in clause 3.1 under which the Holder is giving notice.

5.3 AVAILABILITY OF EXCHANGE REQUESTS

The Issuer shall provide the form of an Exchange Request to a Holder whenever requested by a Holder and at no cost to the Holder.

5.4 MULTIPLE EVENTS AND EXCHANGE DATES

- (a) The Issuer may Exchange, Redeem or Resell ACES under clauses 3.3(a) or 4.1 in such proportions as it determines, provided that, subject to clause 13.5, each Holder whose ACES are to be realised on a particular Exchange Date is treated equally.
- (b) Where more than one event results in more than one Exchange Date in respect of the same ACES, the Issuer shall be required to Exchange, Redeem or Resell the relevant ACES on the earliest Exchange Date only and shall have no obligation with respect to such ACES on all such other Exchange Dates.

6. EXCHANGE PROCESS

6.1 ENTITLEMENT TO ORDINARY SHARES ON EXCHANGE

- (a) On Exchange of any ACES, the Issuer must:
 - (i) redeem each of those ACES for an amount equal to its Face Value; and
 - (ii) apply the whole of the amount payable on redemption by subscribing, on behalf of the Holder, for the number of Ordinary Shares calculated under clause 6.1(c).

- (b) On Exchange, SKYCITY must under the Exchange Deed issue the number of Ordinary Shares to which a Holder is entitled under this clause 6 and the Issuer will have discharged its obligation to pay the Holder the Face Value by performing its obligations under 6.1(a)(ii).
- (c) Subject to clauses 6.1(d), 6.1(e) and 9.6, the number of Ordinary Shares to which a Holder is entitled upon Exchange is equal to the number of their ACES being Exchanged multiplied by the Exchange Ratio calculated using the formula:

$$\text{Exchange Ratio} = \frac{\text{Face Value}}{\text{VWAP} \times (1 - \text{Exchange Discount})}$$

where:

VWAP (expressed in Australian dollars) means, subject to clause 9.1, the VWAP in respect of the VWAP Period where:

VWAP Period means the 20 Business Days immediately preceding:

- (i) if Ordinary Shares are suspended from official quotation by ASX on the Exchange Date or during the 20 Business Days immediately prior to the Exchange Date, the date of first suspension; or
- (ii) otherwise, the Exchange Date; and

Exchange Discount (expressed as a decimal) means the exchange discount of 0.025 or the Exchange Discount as determined under clause 10, subject to clause 9.7.

- (d) Where the number of Ordinary Shares to which a Holder is entitled upon Exchange under clause 6.1(c) is:
 - (i) less than the Minimum Exchange Number, that number will be equal to the Minimum Exchange Number; or
 - (ii) greater than the Maximum Exchange Number, that number will be equal to the Maximum Exchange Number.
- (e) Where the total number of Ordinary Shares to be issued to a Holder includes a fraction, that fraction will be disregarded.
- (f) Notwithstanding clause 6.1(c), where an Exchange Request was issued under clause 3.1(c), the number of Ordinary Shares to which the Holder is entitled upon Exchange will be the Minimum Exchange Number.

6.2 ORDINARY SHARES ISSUED ON EXCHANGE

- (a) Ordinary Shares to which a Holder is entitled on Exchange must be issued as soon as practicable and within five Business Days after the relevant Exchange Date. Any Ordinary Shares issued within the five Business Days after the relevant Exchange Date will be deemed to have been issued on the Exchange Date.
- (b) Each Ordinary Share issued on Exchange will rank equally in all respects and from one class with Ordinary Shares then on issue, provided that where an Ordinary Share is issued after the record date for a dividend, distribution or other entitlement declared by the SKYCITY Directors to be payable to Ordinary Shareholders, that Ordinary Share will not participate in the relevant dividend, distribution or other entitlement.

6.3 CANCELLATION OF ACES

All ACES redeemed by the Issuer under clause 6.1(a) will, upon such redemption and payment of any Coupon or Optional Coupon payable on the relevant Exchange Date, be cancelled and may not be reissued and will be without further liability of the Issuer to the relevant Holders.

7. REDEMPTION PROCESS

7.1 REDEMPTION BY A HOLDER

A Holder has no right to request a Redemption of their ACES or otherwise claim repayment of the Face Value other than on the occurrence of a Winding-up Event, in which case, ACES will be automatically Redeemed under clause 7.2.

7.2 AUTOMATIC REDEMPTION

On the occurrence of a Winding-up Event, all ACES on issue at that time are automatically Redeemed and the relevant Exchange Date is deemed to be the date the Winding-up Event occurs.

7.3 REDEMPTION AMOUNT

The Redemption Amount is the highest of:

- (a) Face Value;
- (b) the value of the Minimum Exchange Number multiplied by the VWAP for the VWAP Period; and
- (c) on Redemption as a result of a Change in Control Event, the amount equal to the number of Ordinary Shares that would have been issued on Exchange on the same Exchange Date multiplied by the VWAP for the VWAP Period.

7.4 PAYMENT OF THE REDEMPTION AMOUNT

- (a) Any Redemption Amount payable will be due and payable to the relevant Holders on the Exchange Date.
- (b) Redemption will have effect on and from the date of payment by the Issuer of the Redemption Amount.
- (c) All ACES Redeemed by the Issuer will, upon such Redemption and payment of any Coupon or Optional Coupon payable on the relevant Exchange Date, be cancelled and may not be reissued and will be without further liability of the Issuer to the relevant Holders.

8. RESALE PROCESS

On receipt of a valid Exchange Request, the Issuer may elect to procure a third party to acquire the unencumbered legal and beneficial interest in ACES the subject of the Exchange Request from Holders on an Exchange Date for a cash amount equal to the Redemption Amount plus an amount equal to the Coupon that would have been paid on the relevant Exchange Date had the Exchange Date been a Coupon Payment Date in respect of Resold ACES under clause 2.7(c).

All relevant Holders shall be required to do all things necessary to enable the acquisition to be effected, and each Holder irrevocably appoints the Issuer and any director, secretary, liquidator or administrator of the Issuer (each an Authorised Person) severally to be the attorney of the Holder and the agent of the Holder with power in the name and on behalf of the Holder to do all such acts and things, including signing all documents or transfers, as may in the opinion of the Authorised Person be necessary or desirable to be done in order to record or perfect the acquisition.

9. EXCHANGE ADJUSTMENTS

9.1 ADJUSTMENTS FOR DIVIDENDS OR OTHER DISTRIBUTIONS OR ENTITLEMENTS

For the purpose of calculating the VWAP in the formula in clauses 6.1(c), 7.3 and 9.6:

- (a) where, on some or all of the Business Days in the VWAP Period, Ordinary Shares have been quoted on a stock market conducted by ASX as cum dividend or cum any other distribution or entitlement, and the Ordinary Shares to be issued on Exchange of the relevant ACES would not rank for participation in the relevant dividend, distribution or entitlement, then the VWAP on the Business Days on which those Ordinary Shares have been quoted cum dividend, cum distribution or cum entitlement will be reduced by an amount (Cum Value) equal to:
- (i) in the case of a dividend or other distribution, the Australian dollar amount of that dividend or distribution (being the Australian dollar amount of the dividend or distribution if SKYCITY quotes such an Australian dollar amount, or if it does not, the New Zealand dollar amount of the dividend or distribution translated into Australian dollars at the Foreign Exchange Cross Rate on the earlier of the Exchange Date and the date of payment of the dividend or distribution);
 - (ii) in the case of an entitlement in a class which is traded on a stock market conducted by ASX or NZX on any of those Business Days, the volume weighted average sale price of all such entitlements sold on ASX on the Business Days during the VWAP Period on which the entitlements were traded (or if the entitlement is not quoted on ASX, the volume weighted average New Zealand dollar sale price of all such entitlements sold on NZSX on the Business Days during the VWAP Period on which the entitlements were traded translated into Australian dollars at the Foreign Exchange Cross Rate on each of the relevant Business Days); or
 - (iii) in the case of an entitlement in a class which is not traded on a stock market conducted by ASX or NZX on any of those Business Days, the Australian dollar value of the entitlement as reasonably determined by the Directors; and
- (b) where, on some or all of the Business Days in the VWAP Period, Ordinary Shares have been quoted on a stock market conducted by the ASX or NZX as ex dividend, ex distribution or ex entitlement, and the Ordinary Shares to be issued on Exchange of the relevant ACES will rank for participation in the relevant dividend, distribution or entitlement, then the VWAP on the Business Days on which those Ordinary Shares have been quoted ex dividend, ex distribution or ex entitlement will be increased by the Cum Value.

9.2 ADJUSTMENTS FOR PRO RATA BONUS OR A RIGHTS ISSUE

- (a) Subject to clauses 9.2(b) and 9.2(c), if at any time after the Issue Date, SKYCITY makes a pro rata bonus issue or a rights issue of Ordinary Shares to Ordinary Shareholders generally, each Exchange Number will be adjusted immediately using the following formula:

$$EN - E_{n_0} \times P \times \left(\frac{(RD + RN)}{(RD \times P) + (RN \times A)} \right)$$

where:

EN means the Exchange Number applying immediately after the application of this formula (provided that the Exchange Number calculated under the formula shall be rounded to the nearest four decimal places);

E_{n₀} means the relevant Exchange Number applying immediately before the application of this formula (rounded to the nearest four decimal places);

P means the VWAP calculated in respect of the period from (and including) the first Business Day after the announcement of the bonus or rights issue to ASX or NZX to (and including) the last Business Day of trading cum bonus or rights issue;

RD means the number of Ordinary Shares on issue immediately prior to the issue of new Ordinary Shares under the bonus or rights issue;

RN means the number of Ordinary Shares issued under the bonus or rights issue; and

A means, in the case of a bonus issue, zero and, in the case of a rights issue, the Australian dollar subscription price per new Ordinary Share (or if the subscription price is not expressed in Australian dollars, the New Zealand dollar subscription price translated into Australian dollars at the Foreign Exchange Cross Rate on the date the subscription price was announced to ASX or NZX).

- (b) No adjustments to an Exchange Number will occur if, in the formula in clause 9.2(a), **A** exceeds **P**.
- (c) Clause 9.2(a) does not apply to Ordinary Shares issued as part of a bonus share plan (including, without limitation, where bonus shares are issued in conjunction with an offer to immediately buy-back those bonus shares), employee or executive share plan, executive option plan, director option plan, share top up plan or dividend reinvestment plan.
- (d) For the purposes of clause 9.2(a), an issue will be deemed to be a pro rata issue even if SKYCITY does not make offers or otherwise issue bonus securities to holders of Ordinary Shares with registered addresses outside Australia and New Zealand, provided that the offer or issue complies with the ASX Listing Rules and the listing rules of NZX (which includes the listing rules for NZSX and the listing rules or the main debt market operated by NZX (NZDX)).

9.3 ADJUSTMENTS FOR OFF-MARKET BUY-BACKS

- (a) Subject to clause 9.3(b), if SKYCITY undertakes a buy-back of Ordinary Shares that is not:
 - (i) an on-market buy-back; or
 - (ii) a buy-back of bonus shares in the manner contemplated by clause 9.2(c), each Exchange Number will be adjusted immediately using the following formula:

$$EN = EN_o \times P \times \left(\frac{(BD - BN)}{(BD \times P) - (BN \times A)} \right)$$

where:

EN means the Exchange Number applying immediately after the application of this formula (provided that the Exchange Number calculated under the formula shall be rounded to the nearest four decimal places);

EN_o means the relevant Exchange Number applying immediately before the application of this formula (rounded to the nearest four decimal places);

P means the VWAP calculated in respect of the period of 20 Business Days immediately before the announcement of the buy-back to ASX or NZX;

BD means the number of Ordinary Shares on issue immediately prior to the buy-back;

BN means the number of Ordinary Shares brought back under the buy-back; and

A means the Australian dollar buy-back price per Ordinary Share (or if the buy-back price is not expressed in Australian dollars, the New Zealand dollar buy-back price translated into Australian dollars at the Foreign Exchange Cross Rate on the date the buy-back was announced to ASX or NZX).

- (b) No adjustment to an Exchange Number will occur if, in the formula in clause 9.3(a), **P** exceeds **A**.

9.4 ADJUSTMENTS FOR RETURN OF CAPITAL OR CAPITAL DISTRIBUTION

If SKYCITY makes a return of capital to Ordinary Shareholders or there is a Capital Distribution (other than by way of a buy-back or Ordinary Shares), each Exchange Number will be adjusted immediately under the following formula:

$$EN = EN_0 \times \frac{P}{P - C}$$

where:

EN means the Exchange Number applying immediately after the application of this formula (provided that the Exchange Number calculated under the formula shall be rounded to the nearest four decimal places);

EN₀ means the relevant Exchange Number applying immediately before the application of this formula (rounded to the nearest four decimal places);

P means the VWAP calculated in respect of the period from (and including) the first Business Day after the announcement of the return of capital or Capital Distribution to ASX or NZX to (and including) the last Business Day of trading cum the return of capital or Capital Distribution; and

C means, in the case of a return of capital, the Australian dollar amount of the cash and/or the value (as reasonably determined by the SKYCITY Directors) of any other property distributed to Ordinary Shareholders per Ordinary Share (or such lesser amount as ensures that the difference between **P** and **C** is greater than zero) and, in the case of a Capital Distribution, the amount determined under the definition of Capital Distribution (or if either of the amount of cash or the value of any other property distributed to Ordinary Shareholders is not expressed in Australian dollars, the New Zealand dollar amount or value translated into Australian dollars at the Foreign Exchange Cross Rate on the date the return of capital or Capital Distribution was announced to ASX or NZX).

9.5 ADJUSTMENTS FOR CAPITAL RECONSTRUCTION

If at any time the Ordinary Shares are reconstructed, consolidated, divided or reclassified (other than by way of a bonus issue dealt with under clause 9.2) into a lesser or greater number of securities, then either the Exchange Numbers will be adjusted by the Issuer accordingly or ACES will be reconstructed, consolidated, divided or reclassified by the Issuer on the same basis and the Face Value (for the purpose of calculating Coupons, Optional Coupons and the Exchange Ratio) will be adjusted by the Issuer accordingly, or both, subject to the ASX Listing Rules.

9.6 ADJUSTMENTS FOR A TAKEOVER BID OR COMPROMISE, AMALGAMATION OR ARRANGEMENT

- (a) Where Exchange results from the occurrence of a Change in Control Event:
- (i) the denominator of the formula in clause 6.1(c) will be the lesser of:
1. 97.5% of the Australian dollar offer price under the Takeover Bid or the Australian dollar consideration under the compromise, amalgamation or arrangement (or if the offer price or consideration is not expressed in Australian dollars, the New Zealand dollar offer price or consideration translated into Australian dollars at the Foreign Exchange Cross Rate on the date the Takeover Bid or compromise, amalgamation or arrangement (or any relevant increase in price) was announced to ASX or NZX); and
 2. the VWAP calculated in respect of the period of 20 Business Days immediately preceding the announcement of the Takeover Bid or the compromise, amalgamation or arrangement, plus 75.0% of the amount calculated by subtracting that VWAP from the Australian dollar offer price under the Takeover Bid or the Australian dollar consideration under the compromise, amalgamation or arrangement (or if the offer price or

consideration is not expressed in Australian dollars, the New Zealand dollar offer price or consideration translated into Australian dollars at the Foreign Exchange Cross Rate on the date the Takeover Bid or compromise, amalgamation or arrangement (or any relevant increase in price) was announced to ASX or NZX); and

- (iii) the Minimum Exchange Number will be calculated using the following formula:

Minimum Exchange Number =

$$\frac{\text{Face Value}}{[\text{Starting Ordinary Share Price} \times (1 \div \text{Premium}) \times (1 - \text{Exchange Discount})] \div [1 + (\text{Premium} \times (\mathbf{N}_1 \div \mathbf{N}_2))]}$$

where

Starting Ordinary Share Price means the closing sale price of Ordinary Shares on ASX on the Issue Date or a Reset Date (whichever is later);

Premium (expressed as a decimal) means the premium of 0.70 or the Premium as determined under clause 10;

N₁ means the number of days from (and including) the date the Change in Control Event occurs to (but excluding) the next Reset Date; and

N₂ means the number of days from (and including) the Issue Date or the preceding Reset Date (whichever is later) to (but excluding) the next Reset Date.

- (b) For the purpose of clause 9.6(a), the offer price under the Takeover Bid or the consideration under the compromise, amalgamation or arrangement is the amount of the cash consideration offered for each Ordinary Share or, if cash consideration is not the only consideration offered, the value of the consideration offered as reasonably determined by an independent investment bank (which will act as an expert) appointed by the SKYCITY Directors.

9.7 DISCRETION IN ADJUSTMENTS OF EXCHANGE MECHANISM

Where:

- (a) Any of the adjustment procedures set out in clause 9.1 to 9.6 or the number of Ordinary Shares to be issued on Exchange is not, in the reasonable opinion of the Directors, appropriate in any particular circumstances (including for the reason that more than one adjustment procedure applies to a particular occurrence);
- (b) SKYCITY makes a distribution other than by way of dividend in the ordinary course of business or makes a pro rata offer to Ordinary Shareholders to subscribe for or purchase, securities in any company other than SKYCITY in a way which does not, in the reasonable opinion of the Directors, result in an appropriate adjustment to the Minimum Exchange Number or the Maximum Exchange Number; or
- (c) any other similar event occurs in relation to SKYCITY that may have a diluting or concentrative effect on the value of the Ordinary Shares,

And the Directors determine that any such occurrence would, in the reasonable opinion of the Directors, affect the relative values of ACES and Ordinary Shares, the Directors may make such alterations to Minimum Exchange Number, Maximum Exchange Number or Exchange Discount as the Directors reasonably consider appropriate or necessary to maintain that relativity and the Issuer will announce any such alteration to the ASX.

10. RESET OF CERTAIN TERMS

10.1 RESET

In respect of ACES on issue on a Reset Date, the Issuer may change any of the following under clause 10.2:

- (a) the Market Rate and/or the Margin;
- (b) the Minimum Exchange Number and/or the Maximum Exchange Number (subject always to the operation of these ACES Terms in relation to each Exchange Number);
- (c) the Exchange Discount (subject always to the operation of these ACES Terms in relation to the Exchange Discount);
- (d) the frequency and timing of Coupon Payment Dates;
- (e) the next Reset Date;
- (f) the definition of Capital Distribution; and
- (g) the Premium in the formula in clause 9.6(a)(ii).

These new terms will apply from (and including) the relevant Reset Date to (but excluding) the next Reset Date.

10.2 NOTICE OF RESET

Any change made under clause 10.1 is effective only if notice of that determination is given to Holders and the Trustee at least 50 Business Days prior to the relevant Reset Date.

10.3 DEEMED NOTICE OF RESET

If the Issuer does not give notice under clause 10.2 in relation to any of the terms set out in clause 10.1, the Issuer will be deemed for the purpose of these ACES Terms to have given a notice to all Holders under which the relevant terms remain the same.

11. RANKING AND PARTICIPATION

11.1 AGREEING TO BECOME A MEMBER

By applying for or acquiring ACES, each Holder will be deemed to have consented to be a member of SKYCITY, and to have agreed to be bound by the constitution of SKYCITY, upon Exchange.

11.2 SUBORDINATION

Claims against the Issuer under these ACES Terms shall in a liquidation following a Winding-up Event of the Issuer rank:

- (a) in priority to the claims of:
 - (i) holders of ordinary shares in the Issuer; and
 - (ii) Subordinated Creditors of the Issuer whose claims are expressed to rank after the claims of Holders;
- (b) pari passu with the claims of Subordinated Creditors of the Issuer whose claims are expressed to rank pari passu with the claims of Holders; and
- (c) after the claims of Priority Creditors of the Issuer.

Holders waive, to the fullest extent permitted by law, any right to prove in any liquidation or following the occurrence of any other Winding-up Event of the Issuer as a creditor ranking for payment pari passu with any Priority Creditor of the Issuer.

11.3 FURTHER ISSUES

The Issuer and SKYCITY cannot incur any Subordinated Debt which ranks in priority to ACES without the prior approval of Holders by a Special Resolution.

11.4 RANKING

Each ACES ranks equally with all other ACES in all respects.

11.5 ISSUES OF SECURITIES

Except as set out in these ACES Terms:

- (a) ACES carry no right to participate in any offering of securities by the Issuer or SKYCITY; and
- (b) the Issuer and SKYCITY reserve the right at all times to issue shares or debentures to any person in any manner and to repurchase any shares or debentures, including ACES.

12. SUBORDINATED GUARANTEE

12.1 SUBORDINATED GUARANTEE BY SKYCITY

The obligations of the Issuer to pay money which becomes due and payable under these ACES Terms on the ACES are guaranteed on a subordinated basis by SKYCITY under the Subordinated Guarantee (contained in the Guarantee Deed Poll) given by SKYCITY for the benefit of Holders.

The Subordinated Guarantee constitutes a direct and unsecured obligation of SKYCITY which, subject to clause 4.1 of the Guaranteed Deed Poll, ranks:

- (a) in priority the claims of:
 - (i) Ordinary Shareholders; and
 - (ii) Subordinated Creditors of SKYCITY whose claims are expressed to rank after the claims of Holders under the Subordinated Guarantee;
- (b) *pari passu* with the claims of:
 - (i) the holders of the Capital Notes; and
 - (ii) Subordinated Creditors of SKYCITY whose claims are expressed to rank *pari passu* with the claims of Holders under the Subordinated Guarantee; and
- (c) after the claims of Priority Creditors of SKYCITY.

12.2 DEMANDS BEFORE A WINDING UP EVENT OF SKYCITY

Before a Winding-up Event of SKYCITY, no amount is payable by SKYCITY in respect of the Subordinated Guarantee if any amount is outstanding to a Priority Creditor of SKYCITY except that of a Holder may make a demand under the Subordinated Guarantee (and SKYCITY must pay under the Subordinated Guarantee) if:

- (a) all Priority Creditors of SKYCITY whose debts were due and payable when the Holder's rights under the Subordinated Guarantee first arose have been paid in full; and
- (b) immediately after such a payment by SKYCITY, SKYCITY continues to be solvent and such a payment does not cause a Winding-up Event of SKYCITY or a potential event of default or event of default under agreements or instruments of the Priority Creditors of SKYCITY.

12.3 RANKING OF CLAIMS AFTER A WINDING-UP EVENT OF SKYCITY

Claims against SKYCITY under the Subordinated Guarantee shall in its liquidation after a Winding-up Event of SKYCITY rank:

- (a) in priority to the claims of:
 - (i) Ordinary Shareholders; and

- (ii) Subordinated Creditors of SKYCITY whose claims are expressed to rank after the claims of Holders under the Subordinated Guarantee;
- (b) pari passu with the claims of:
 - (i) the holders of the Capital Notes; and
 - (ii) Subordinated Creditors of SKYCITY whose claims are expressed to rank pari passu with the claims of Holders under the Subordinated Guarantee; and
- (c) after the claims of Priority Creditors at SKYCITY.

Holders and the Trustee waive, to the fullest extent permitted by law, any right to prove in any liquidation or following the occurrence of any other Winding-up Event of SKYCITY as a creditor ranking for payment equally with any Priority Creditor of SKYCITY. In addition, Holders cannot seek a winding-up of or appoint a receiver to, or exercise other material remedies against, SKYCITY (but clause 4.1 of the Guarantee Deed Poll does not prevent a Holder from seeking or obtaining injunctive or similar relief restraining SKYCITY from breaching any of its obligations in connection with these ACES Terms, the Trust Deed or the Guarantee Deed Poll).

12.4 ABILITY TO ISSUE EQUITY SECURITIES AND FURTHER DEBENTURES

Nothing in the Guarantee Deed Poll shall be confused as preventing SKYCITY from creating, issuing or allotting:

- (a) any Ordinary Shares or any other form of equity securities; or
- (b) subject to clause 11.3, any debentures, notes or other forms of debt securities or incurring other liabilities.

12.5 ACKNOWLEDGEMENT OF SUBORDINATION

Each Holder, by subscription for or acquisition of ACES, is taken to acknowledge that its claims against SKYCITY under the Subordinated Guarantee are subordinated to the claims of Priority Creditors of SKYCITY, in the manner provided in the Guarantee Deed Poll.

13. GENERAL

13.1 QUOTATION

The Issuer and SKYCITY must use all reasonable endeavors and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure official quotation of:

- (a) ACES on a market conducted by ASX and to procure that such quotation is maintained; and
- (b) Ordinary Shares issued on Exchange on a market conducted by ASX and to procure that such quotation is maintained.

13.2 VOTING RIGHTS

Except as required by the NZ Companies Act, Holders will not have any right to vote at general meetings of the Issuer or SKYCITY.

13.3 APPOINTMENT OF ATTORNEY

Each Holder irrevocably appoints to the Issuer and any of its directors and employees severally as its attorney to take all steps and to execute all documents as the attorney considers to be necessary or desirable to effect an Exchange, Redemption or Resale.

13.4 TIME LIMIT FOR CLAIMS

A claim against the Issuer for a payment in respect of ACES is void unless made within five years of the due date for that payment.

13.5 REGULATORY REQUIREMENTS

- (a) Despite anything to the contrary contained in or implied by these ACES Terms or the Trust Deed, it is a condition precedent to any right of the Holder to:
- (i) receive payment of the Face Value or Redemption Amount;
 - (ii) receive payment of any Coupon or Optional Coupon; or
 - (iii) be issued any Ordinary Shares on Exchange
- that all necessary consents, authorisations, registrations, filings, certificates or exemptions from, by or with a Government Agency required because of the particular circumstances of the Holder are obtained or made, and all other regulatory requirements that apply because of the particular circumstances of the Holder are satisfied by, and at the cost of, the Holder.
- (b) Where the Holder is to be issued Ordinary Shares on Exchange and the Issuer has reason to believe that consents, authorizations, registrations, filings, certificates or exemptions from, by or with a Governmental Agency are required, or other applicable regulatory requirements need to be satisfied, by the holder which the Holder has not obtained or satisfied (or the holder has failed to substantiate to the SKYCITY Directors' reasonable satisfaction that any such requirements either do not apply or have been satisfied), or the issue of those Ordinary Shares to the Holder would cause there to be a breach of the NZ Takeovers Code, the Ordinary Shares will be issued to a nominee who will sell those Ordinary Shares and pay the net proceeds (after deducting any applicable brokerage, stamp duty and other taxes and charges) to that Holder.
- (c) Where the Holder is to be issued Ordinary Shares on Exchange and, as a result of such Exchange, the total number of Ordinary Shares held by the Holder and its associates (Post Exchange Holding) would carry more than 5% of the votes attaching to Ordinary Shares (or, where the Holder and its associates have been approved by relevant casino regulators of SKYCITY to hold a higher percentage of Ordinary Shares, more than such approved higher percentage), the Ordinary Shares will be issued to a nominee who will sell those Ordinary Shares and pay the net proceeds (after deducting any applicable brokerage, stamp duty and other taxes and charges) to that Holder unless all necessary approvals from relevant casino regulators of SKYCITY have been obtained by, and at the cost of, the Holder to enable the Holder and its associates to hold the Post Exchange Holding.
- (d) The Issuer may, by notice in writing to the Holder, require the holder to provide to the issuer and SKYCITY any information which the Issuer or SKYCITY reasonable requires for the purposes of ensuring compliance by SKYCITY and its subsidiaries with applicable casino laws, regulations and licences affecting them. Any such notice must specify a reasonable time period within which the Holder must provide that information. If the Holder fails to provide the information within that specified time period, then the rights of the Holder under clause 2.1 are suspended until such time as the information is provided.
- (e) The Holder acknowledges that the Issuer or SKYCITY may provide to any relevant casino regulator of SKYCITY in any jurisdiction any information in the issuer's or SKYCITY's possession or control which was provided to it by or on behalf of the Holder, or otherwise lodged by that Holder under these ACES Terms, and all other information in the Issuer's or SKYCITY's possession or control which relates (whether in whole or in part) to the Holder or any of its associates or the respective holdings of ACES of the Holder or any of its associates, to the extent that the Issuer or SKYCITY is required to make such disclosure under the terms of any applicable casino legislation, regulations or licences.

13.6 GROSSING-UP

All payments in respect of ACES will be made free and clear of, and without withholding or deduction for, New Zealand non-resident withholding tax, unless such withholding or deduction is required by law. In that event, the Issuer will make the withholding or deduction and will have an obligation to pay to the relevant Holder an additional amount equal to the amount of the New Zealand non-resident withholding tax withheld or deducted. However, the Issuer will not have any obligation to pay to the relevant Holder an additional amount equal to the amount of any other taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by any Governmental Agency.

13.7 METHOD OF PAYMENT

Any amount payable in respect of ACES to Holders whose address on the Register is in Australia will be paid by direct credit in to a nominated account at an Australian financial institution. If such a holder fails to nominate such an account, the amount may be deposited by the Issuer in a bank account in the issuer's name established for the purpose and held by the Issuer until the Holder nominates an account. An amount so deposited will be taken to have been duly paid to the Holder and will not bear interest. Any interest accruing on any such account will be paid to the Issuer.

Any amount payable to Holders whose address on the Register is outside Australia will be sent by cheque. Cheques will be mailed, as such Holders risk, by mail to the Holder's address as shown in the Register. Dispatch of a cheque to a Holder's address as specified above will satisfy the issuer's obligation to pay that Holder.

13.8 AMENDMENT OF THESE ACES TERMS

These ACES Terms may be amended under the amendment and other provisions in the Trust Deed.

13.9 PROVISION OF INFORMATION

In addition to any requirement of the Corporations Act and the ASX Listing Rules, each Holder (if requested by that Holder) and the Trustee will be provided with copies of all:

- (a) notices of general meeting of SKYCITY; and
- (b) other documents (including annual reports and financial statements) given by SKYCITY to Ordinary Shareholders.

If requested by a Holder, the Holder is entitled to the notices and documents at the same time as, or as soon as reasonably practicable after, the Ordinary Shareholders.

14. INDEMNITY TO THE ISSUER

14.1 LIABILITY OF THE ISSUER

Subject to clause 13.6, clause 14.2 applies if any law imposes or purports to impose any immediate or future or possible liability on the Issuer to make any payment, or empowers any Governmental Agency to require the Issuer to make any payment, in respect of any ACES held either jointly or solely by any Holder or in respect of any transfer of those ACES or in respect of any Coupon or Optional Coupon or other payment due or payable or which may become due or payable to the Holder by the issuer on or in respect of any ACES or for or on account or in respect of any Holder, whether because of:

- (a) the death of the Holder;
- (b) the non-payment of any income tax or other tax by the Holder;
- (c) the non-payment of any estate probate, succession, death, stamp or other duty by the Holder or a personal representative of that Holder or by or out of the Holder's estate; or
- (d) any other act or omission in relation to ACES done or omitted by the Holder.

14.2 INDEMNITY

In each case referred to in clause 14.1:

- (a) the Issuer is to be fully indemnified, as a continuing indemnity, against all liability by the Holder or the Holder's personal representative and by any person who becomes registered as the Holder on the distribution of the deceased Holder's estate;
- (b) the issuer may recover as a debt due from the holder or the holder's personal representative, or any person who becomes registered as the holder on the distribution of the deceased holder's estate, any money paid by the Issuer in respect of the ACES under or in consequence of any law which exceeds any Coupon, Optional Coupon or other money then due or payable by the issuer to the holder, together with interest at a rate the Directors may determine from the date of payment to the date of repayment; and
- (c) the Issuer may, except in the case of a proper ASTC transfer, if any money is paid or payable by the Issuer under any law, refuse to register a transfer of any ACES by the Holder or the Holder's personal representative until the money and any interest due from the Holder is set off or deducted or, if the money and any interest due from the Holder exceeds the amount of any other money then due or payable by the issuer to the Holder, until the excess is paid to the Issuer.

14.3 REMEDIES CUMULATIVE

Nothing in clauses 14.1 and 14.2 affects any right or remedy which any law confers on the Issuer or SKYCITY and any right or remedy is enforceable by the Issuer or SKYCITY whether against the Holder or the Holder's personal representative.

15. DEFINITIONS AND INTERPRETATIONS

15.1 DEFINITIONS

In these ACES Terms, the following definitions apply unless the context requires otherwise. Capitalised terms not defined below have the same meaning as set out in clause 1 of the Trust Deed.

ACES means SKYCITY Adjustable Coupon Exchangeable Securities which are perpetual reset exchangeable debt securities issued by the issuer under these ACES Terms and the Trust Deed.

ACES Terms means these terms of issue of ACES.

ASTC means ASX Settlement and Transfer Corporation Pty Limited (ABN 49 008 504 532).

ASX means Australian Stock Exchange Limited (ABN 98 008 624 691).

ASX Business Rules means the business rules or market rules of ASX.

ASX Listing Rules means the listing rules of ASX with any modifications or waivers in their application to the Issuer or SKYCITY.

Australian Tax Act means:

- (a) the Income Tax Assessment Act 1936 (Cth) or the Income Tax Assessment Act 1997 (Cth), as the case may be, and a reference to any section of the Income Tax Assessment Act 1936 (Cth) includes a reference to that section as rewritten in the Income Tax Assessment Act 1997 (Cth); and
- (b) any other legislation setting the rate of income tax payable in Australia.

Bank Bill Rate in relation to a Coupon Period means the average mid-rate (expressed as a percentage per annum) for bills of a term of 90 days (or, if the scheduled frequency of Coupon Payment Dates is other than quarterly, a term closest to the term of the relevant Coupon Period), which rate is displayed on Reuters page BBSW (or any page which replaces that page) at 10:30am (Sydney time) on that date, the rate specified in good faith by the Issuer at or around that time on the date having regard; to the extent possible, to:

- (a) the rates otherwise bid and offered for bills of that term or for funds of that tenor displayed on Reuters page BBSW (or any page which replaces that page) at that time on that date; and
- (b) if bid and offer rates for bills of that term are not otherwise available, the rates otherwise bid and offered for funds of that tenor at or around that time on that date.

Bookbuild means the process conducted by the Issuer or its agents to enable the issuer to determine the Margin for the period to the first Reset Date.

Business Day has the meaning given in the ASX Listing Rules

Capital Distribution means the amount (if any) by which the sum of all the dividends (being for each dividend the Australian dollar amount of such dividend if SKYCITY quotes such an Australian dollar amount or, if it does not, the New Zealand dollar amount of such dividend translated into Australian dollars at the Foreign Exchange Cross Rate on the date of payment of the dividend) per Ordinary Share (grossed up to account for imputation credits) paid in a financial year after the Issue Date together with the aggregate Australian dollar issue price (or, if the price is not expressed in Australian dollars, the New Zealand dollar issue price translated into Australian dollars at the Foreign Exchange Cross Rate on the date the bonus share issue was announced to ASX or NZX) of all bonus shares issued by SKYCITY in lieu of dividends in that financial year:

- (a) for the financial year ending 30 June 2006, exceeds A\$0.50 per Ordinary Share;
- (b) for each subsequent financial year, exceeds A\$0.50 per Ordinary Share plus an additional amount of A\$0.10 per Ordinary Share for each subsequent financial year; or
- (c) the Capital Distribution as determined under clause 10.

Capital Notes means the unsecured, subordinated capital notes issued by SKYCITY under a trust deed dated 4 May 2000 between SKYCITY and The New Zealand Guardian Trust Company Limited.

Change in Control Event means either of the following:

- (a) a Takeover Bid is made to acquire all or some of the Ordinary Shares and the offers under the Takeover Bid are, or become, unconditional and:
 - (i) the bidder holds or controls more than 50% of the Ordinary Shares on issue; or
 - (ii) the SKYCITY Directors unanimously recommend acceptance of the offers under the Takeover Bid, and acceptances of those offers would result in the bidder holding or controlling more than 50% of the Ordinary Shares on issue; or
- (b) a court approves a proposed compromise, amalgamation or arrangement under Part XV of the NZ Companies Act which, when implemented, will result in a person having a relevant interest in more than 50% of the ordinary Shares on issue or, in the case of an amalgamation involving SKYCITY where SKYCITY ceases to exist as a separate legal entity and does not continue as the amalgamated company, holding more than 50% of the ordinary shares of the amalgamated company on issue; or
- (c) the shareholders of SKYCITY and another company (or companies) approve by special resolution a proposal to amalgamate SKYCITY and such other company (or companies) pursuant to and in accordance with Part XIII of the NZ Companies Act which amalgamation proposal, when implemented, will result in a person holding more than 50% of the ordinary shares of the amalgamated company.

Change in Law means:

- (a) the announcement or introduction of, or of a change in, any law (including any law relating to taxation) or official directive or ruling of a Governmental Agency;
- (b) the announcement or introduction of a clarification of, or a change in, the interpretation or application of any such law or official directive or ruling; or
- (c) the private ruling obtained by SKYCITY, SKYCITY Australia Pty Ltd and the Issuer from the Australian Commissioner of Taxation (Commissioner) relating to the ACES is no longer binding on the Commissioner and is not replaced by an equivalent ruling.

Change in Law Event means when the Directors resolve on reasonable grounds (having obtained an opinion from reputable legal counsel or other tax adviser) that a Change in Law has occurred, that as a result there is more than an insubstantial risk that the Issuer or SKYCITY would be exposed to more than a negligible increase in costs in relation to ACES or as a result of ACES being on issue (having regard to any taxation consequences impacting the Issuer or SKYCITY or any increased charges or civil liabilities) and that the Issuer of SKYCITY is not able to take reasonable remedial action that would avoid that risk at an insubstantial cost to the Issuer, SKYCITY and Holders.

Corporations Act means the Australian Corporations Act 2001 (Cth).

Coupon has the meaning given in clause 2.1 and 2.2 and does not include an Optional Coupon.

Coupon Payment Date has the meaning given in clause 2.7.

Coupon Period means:

- (a) the period from (and including) the Settlement Date to (but excluding) the first Coupon Payment Date; and
- (b) each subsequent period from (and including) a Coupon Payment Date to (but excluding) the next Coupon Payment Date.

Coupon Rate has the meaning given in clause 2.12.

Cum Value has the meaning given in clause 9.1(a)

Directors means some or all of the directors of the Issuer, acting as a board.

Exchange has the meaning given in clause 6, and **Exchanged** has a corresponding meaning.

Exchange Date has the meaning given in clauses 3.4, 4.2 or 7.2.

Exchange Deed means the deed between the Issuer, SKYCITY and the Trustee, under which, among other matters, SKYCITY has agreed with the Issuer for the benefit of Holders to issue Ordinary Shares to Holders upon Exchange.

Exchange Discount has the meaning given in clause 6.1.

Exchange Notice means a notice given by the Issuer under clauses 3.3 or 4.1

Exchange Number means each of the Minimum Exchange Number and Maximum Exchange Number

Exchange Ratio has the meaning given in clause 6.1(c).

Exchange Request means a notice given by a Holder under clause 3.1.

Face Value has the meaning given in clause 1.2, subject to clause 9.5.

Foreign Exchange Cross Rate means the foreign exchange rate between New Zealand dollars and Australian dollars displayed on the Reuters page RBNZ at 11:10am (Sydney time) on the relevant day.

Franking Rate has the meaning given in clause 2.2.

Governmental Agency means a government or a governmental, semi-governmental or judicial entity, authority, commission, corporation or body (including those constituted or formed by or under any statute), local government authority or administrative body or tribunal. It includes a self-regulatory organisation established under statute or any stock exchange.

Guarantee Deed Poll means the guarantee deed poll entered into by SKYCITY to guarantee, on a subordinated basis, the payment obligations of the Issuer under ACES for the benefit of Holders, the terms of which are summarised in clause 12.

Holder means a person whose name is entered in the Register as the holder of an ACES.

Issue Date means the allotment or issue date of ACES, as specified in the Register.

Issuer means SKYCITY Investments Australia Limited (ARBN 116 187 305).

Margin has the meaning given in clause 2.1.

Market Rate has the meaning given in clause 2.1.

Maximum Exchange Number means 1,000 Ordinary Shares or the Maximum Exchange Number as determined under clause 10.1, subject to clause 9.7.

Minimum Exchange Number means 13.4971 Ordinary Shares or the Minimum Exchange Number as determined under clause 10.1, subject to clause 9.7.

NZ Companies Act means the Companies Act 1993 (New Zealand).

NZSX means the main equities market operated by NZX.

NZ Takeovers Code means the takeovers code approved pursuant to the Takeovers Code Approval Order 2000 (New Zealand).

NZX means New Zealand Exchange Limited.

Optional Coupon has the meaning given in clause 2.5.

Ordinary Share means a fully paid ordinary share in SKYCITY.

Ordinary Shareholder means the registered holder of an Ordinary Share.

Post Exchange Holding has the meaning given in clause 13.5.

Priority Creditors means:

- (a) in relation to SKYCITY, all Senior Creditors and Subordinated Creditors whose claims are expressed to rank before the claims of Holders under the Subordinated Guarantee; and
- (b) in relation to the Issuer, all Senior Creditors and Subordinated Creditors whose claims are expressed to rank before the claims of Holders under the ACES Terms.

Record Date has the meaning given in clause 2.8.

Redeem has the meaning given in clause 7, and **Redeemed** and **Redemption** have a corresponding meaning.

Redemption Amount has the meaning given in clause 7.3.

Register means the register in respect of ACES established and maintained by the issuer under the Trust Deed.

Resale has the meaning given in clause 8, and **Resell** and **Resold** have corresponding meanings.

Reset Date means 15 December 2010 and subsequently the date that is 5 years after the preceding Reset Date or such other Reset Date determined under clause 10.

Senior Creditors means, in respect of each of the issuer and SKYCITY, any secured or unsecured creditor of it to whom it must make payment in respect of indebtedness which is not Subordinated Debt.

Settlement Date means the Business Day before the Issue Date.

SKYCITY means SKYCITY Entertainment Group Limited (ARBN 098 775 047).

SKYCITY Directors means some or all of the directors of SKYCITY, acting as a board.

Subordinated Creditor means, in respect of each of the Issuer and SKYCITY, any secured or unsecured creditor of it to whom it must make payment in respect of any Subordinated Debt.

Subordinated Debt means, in respect of each of the issuer and SKYCITY, any indebtedness, including any guarantee which:

- (a) is, on receivership, insolvency or winding-up of the entity, deferred in point of payment to any other indebtedness (not being indebtedness which is similarly deferred) of the entity; and
- (b) cannot be repaid except to the extent that the entity concerned would immediately after payment continue to be solvent.

Subordinated Guarantee means the subordinated guarantee provided by SKYCITY to Holders under the Guarantee Deed Poll.

Takeover Bid means a full or partial takeover offer made under the NZ Takeovers Code.

Tax Rate has the meaning given in clause 2.1.

Trigger Event has the meaning given in clause 3.2.

Trigger Event Notice has the meaning given in clause 5.1.

Trust Deed means the trust deed between the Issuer, SKYCITY and the Trustee dated on or about 16 September 2005.

Trustee means the trustee under the Trust Deed.

VWAP means the average daily volume weighted average sale price (rounded to the nearest whole cent) of Ordinary Shares sold on ASX for each Business Day during the relevant period (excluding the effect of any transaction defined as "special" in the ASX Business Rules, any crossing prior to the commencement of normal trading or during the after hours adjust phase on ASX, any overseas trades or trades under the exercise of options over Ordinary Shares).

VWAP Period has the meaning given in clause 6.1(c).

Winding-up Event means any of the following events:

- (a) the Issuer or SKYCITY resolves in general meeting, or by special resolution in lieu of a general meeting, to be wound up or to appoint a liquidator;
- (b) an administrator, liquidator or provisional liquidator is appointed to the Issuer or SKYCITY;
- (c) a court makes an order to wind up, or for the appointment of a liquidator to, the Issuer or SKYCITY (other than to effect a solvent reconstruction or amalgamation);
- (d) a receiver, receiver and manager, administrative receiver, statutory manager or similar officer is appointed to all or substantially all of the assets and undertaking of the Issuer or SKYCITY; or
- (e) the Issuer or SKYCITY enters into a compromise, arrangement or composition with, or assignment for the benefit of, its creditors or a class of them.

15.2 INTERPRETATION

In these ACES Terms, the following rules of interpretation apply unless the context requires otherwise.

- (a) Headings are for convenience only and do not affect interpretation.
- (b) The singular includes the plural and conversely.
- (c) A reference to a clause or paragraph is to a clause or paragraph of these ACES Terms.
- (d) A gender includes all genders
- (e) Where a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (f) A reference to a person includes a body corporate, an unincorporated body or other entity and conversely.
- (g) A reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including, but not limited to, persons taking by novation) and assigns.
- (h) A reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it.
- (i) A reference to any instrument or document includes any variation or replacement of it.
- (j) A reference to A\$ or cent is a reference to the lawful currency in Australia.

- (k) A reference to NZ\$ is a reference to the lawful currency in New Zealand.
- (l) A term not specifically defined in these ACES Terms has the meaning given to it in the Corporations Act.
- (m) If there is any inconsistency between these ACES Terms and the Trust Deed or the constitution of the Issuer, then, to the maximum extent permitted by law, these ACES Terms will prevail.
- (n) If a calculation is required under these ACES Terms, unless the contrary intention is expressed, the calculation will be performed to four decimal places.
- (o) If any payment is to be made or any action is to be done on a day which is not a Business Day, that payment will be required to be made or that action required to be taken on the immediately following Business Day.
- (p) If at any time the price of Ordinary Shares on ASX is not quoted on ASX or expressed in Australian dollars, the New Zealand dollar price of Ordinary Shares quoted on the NZX will be translated into Australian dollars at the Foreign Exchange Cross Rate on the relevant date.
- (q) If at any time the amount of a dividend on Ordinary Shares is not expressed in Australian dollars, the New Zealand dollar amount of the dividend will be translated into Australian dollars at the Foreign Exchange Cross Rate on the relevant date.