



2021

Annual Report

Year ended 30 June 2021

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ANNUAL MEETING

The 2021 SkyCity Annual Meeting will be held virtually via an online platform on 29 October 2021 commencing at 1.00pm (New Zealand time). Instructions and further details on how shareholders can participate in the virtual Annual Meeting will be included in the Notice of Meeting.

Report from the Chair and Chief Executive Officer

The 2021 financial year was a challenging one for SkyCity – responding to external events arising from the COVID-19 pandemic, opening the Adelaide expansion in an uncertain environment and running the business in a volatile operating and regulatory landscape. It has taken significant skill, energy and dedication from our team and support from stakeholders to deliver a satisfactory performance for the business.

Despite the ongoing disruption and volatility, SkyCity has maintained a strong financial position over the period, delivered credible operating performance when open and protected the health and wellbeing of our people.

The SkyCity Board and management have considered the regulatory and governance environment in which the Group now operates. The Board's intention, endorsed by management, is that SkyCity will maintain a casino and entertainment business which is characterised by high levels of:

- service and facility quality;
- customer enjoyment and safety;
- staff safety, inclusion, diversity and satisfaction;
- social and environmental responsibility;
- economic performance and investment returns; and
- ethical conduct in all respects.

Critically, the SkyCity Board and management team recognise the importance of protecting our casino licences and enhancing our social licence to operate. Moreover, maintaining a strong balance sheet, meeting the interests of all stakeholders and keeping a disciplined allocation of capital to provide appropriate risk-adjusted returns to shareholders over the long term remain key priorities.

The key features of the year can be summarised as:

Management and Board

- The appointment of Michael Ahearne as the new Chief Executive Officer in November

2020 following an internal succession process (replacing the outgoing Chief Executive Officer, Graeme Stephens). Michael brings strong operational knowledge of the SkyCity business, as well as international gaming and entertainment experience, to the role and has put in place a refreshed Senior Leadership Team.

- The retirement of Bruce Carter from the SkyCity Board in March 2021.



Impact of COVID-19

- COVID-19 continued to significantly impact the business and operations at each of SkyCity's properties over the period. Government mandated lockdowns in New Zealand and South Australia resulted in the closure of SkyCity Auckland for 29 days and SkyCity Adelaide for 3.5 days. When permitted to reopen, the properties initially operated under significant constraints due to restrictions on mass gatherings and physical distancing requirements.
- The Trans-Tasman border between New Zealand and Australia reopened from 19 April 2021 (although subject to restrictions as pandemic outbreaks have occurred) – however, the broader international borders remain closed, significantly impacting our tourism-related businesses.

Strategy and Major Projects

- A refreshed Group strategy was announced at the time of our interim results in February 2021. Our strategic plan prioritises a focus on our core business, executing our major projects in Adelaide and Auckland, delivering on the omnichannel opportunity and the efficient allocation of capital.
- In December 2020, SkyCity completed its A\$330 million expansion of the SkyCity Adelaide property transforming it into an integrated resort of international scale and quality. The project (including Eos by SkyCity, a new 120-room boutique hotel, and new gaming, hospitality and entertainment areas) was completed on-time and on-budget and has been well received by customers with consistent operating performance when open.
- Ongoing delays continue to the New Zealand International Convention Centre (NZICC) and Horizon Hotel project, exacerbated by the fire in October 2019 and COVID-19. SkyCity continues to work closely with Fletcher Construction on the project and has secured an extension to the long stop date to complete the NZICC to 15 December 2027 with the New Zealand Government. Although Fletcher Construction's latest draft programme indicates completion of the NZICC in late 2024, SkyCity considers it prudent to retain a buffer between the programme and the long stop date.
- The renewal of the SkyCity Board was confirmed during March 2021 with the subsequent appointment of three new directors – Silvana Schenone, Julian Cook and Chad Barton – in June 2021. The new directors bring diverse skills, backgrounds and experience to the Board. The Board will be conducting a thorough review of its effectiveness during the 2022 financial year.

- SkyCity Auckland opened new food and beverage facilities on the main gaming floor, improved VIP gaming facilities on Levels 8 and 9 of the main site and welcomed the arrival of the All Blacks Experience and Weta Workshop Unleashed, two world-class attractions, to the precinct.
- A strategic review into the International Business division was undertaken during April 2021. SkyCity has decided to permanently cease dealing with junket operators, but to continue to operate the division under a revised operating model where SkyCity will deal directly with patrons after appropriate know your customer (KYC) and customer financial due diligence requirements are satisfied.

Regulatory and Compliance

- Steady progress was made with initiatives to enhance SkyCity's host responsibility and anti-money laundering (AML) control frameworks. Minimising harm to customers remains a key focus with appropriate effort, resource and capital allocated to support this initiative, such as increased resourcing and investment in bespoke ICT systems (including facial recognition technology and specialised customer screening tools). SkyCity is committed to ensuring that it provides safe and responsible experiences and environments and places significant importance on its host responsibility and AML obligations.
- In June 2021, SkyCity was informed by the Australian Transaction Reports and Analysis Centre (AUSTRAC) that it had identified potential serious non-compliance by SkyCity Adelaide with the Australian AML legislation and that a formal enforcement investigation into the compliance of SkyCity Adelaide had been initiated. The SkyCity Board and management team take the concerns raised by AUSTRAC seriously and have taken immediate steps to investigate and appropriately address the concerns raised. SkyCity will continue to fully cooperate with AUSTRAC with regards to its inquiries and with the investigation of SkyCity Adelaide.

Financial Performance, Balance Sheet and Distributions

- Group reported EBITDA and NPAT were \$317.3 million and \$156.1 million respectively, down from the prior comparable period due to the ongoing impact of the New Zealand International Convention Centre fire and the gain from the sale of the Auckland car park concession.
- Group normalised EBITDA and NPAT of \$252.0 million and \$90.3 million respectively are at the top end of the guidance provided to the market during June 2021, but are still well below pre COVID-19 earnings in FY19.
- SkyCity's financial position remains strong post implementation of our funding plan from mid-2020. SkyCity has satisfied its financial covenants for the 30 June 2021 testing period and will pay a dividend of 7 cents per share during September 2021.
- SkyCity's BBB- credit rating from S&P Global Ratings was upgraded to "Stable" from "Negative" Outlook during April 2021. Following the issue of \$175 million of six-year, unsecured, unsubordinated, fixed rate bonds in New Zealand in May 2021, SkyCity remains well positioned to fund future capital and operating commitments.

The financial result for the year was complicated by property closures and other restrictions imposed by COVID-19, which limit comparability with the prior comparable period. SkyCity has also been aided by Government responses in the form of wage subsidies and other assistance measures over the period, a portion of which SkyCity has elected to repay reflecting improved financial performance.

The Group delivered a solid financial performance, despite the challenging operating environment. Local gaming has performed well when open and operating without restrictions while our tourism-related businesses, including hotels, food and beverage and International Business, had a weaker result primarily due to ongoing international and domestic (Australia) border closures.

At a property level, SkyCity Auckland delivered resilient local gaming activity, but this was offset by non-gaming performance being significantly impacted by COVID-19. SkyCity Hamilton and SkyCity Queenstown delivered strong EBITDA performances led by local gaming revenue growth combined with disciplined cost management. SkyCity Adelaide's performance prior to the expansion opening was impacted by COVID-19 disruption, but when open has significantly improved across all activities. SkyCity has been making operational adjustments to the business when necessary and we continue to adhere to all Government guidance to ensure our employees and customers are managed safely.

SkyCity has continued to operate its offshore online casino venture, SkyCity Online Casino, with Gaming Innovation Group Inc, despite operational constraints. Performance has exceeded our expectations with significant growth in revenue and EBITDA and in excess of 45,000 active customers currently.

SkyCity supports the regulation of online gaming in New Zealand with an emphasis on strong host responsibility and delivering community benefits in New Zealand and we continue to prepare for a regulated industry which ensures responsible gambling. Growth in online gambling continues to be a significant global industry theme with numerous international jurisdictions regulating online gambling (or intending to do so) to safely address the transition from physical to online entertainment.

SkyCity has continued to create and support a positive employee culture over the period, focusing on initiatives to enhance workplace flexibility, wellbeing and diversity. To this end, SkyCity was pleased to receive the Diversity and Inclusion Leadership Award at the 2020 Deloitte Top 200 Awards for the second time in three years for

Project Nikau, an initiative to employ and develop career pathways for youth with a focus on Māori and Pasifika. SkyCity has also made progress on refocusing the SkyCity Community Trusts in New Zealand on initiatives that will enhance the employability and advancement of youth and has upweighted strategies to ensure its supply chain is ethical and supports local businesses.

In terms of outlook for FY22, given the current unpredictable operating environment and uncertain near-term outlook due to COVID-19, SkyCity is unable to provide detailed earnings guidance at this time, but this will remain under regular review. Our performance over the next year will be underpinned by the ongoing recovery of local gaming, optimising SkyCity Adelaide post expansion and robust cost control across all activities.

We wish to take the opportunity to publicly thank the SkyCity Board and management team and, in particular, the broader SkyCity family for effectively meeting the challenges over the past year and for continuing to support the business as it recovers – your efforts are greatly appreciated. The SkyCity Board and management are aligned in responding to the challenges at hand, managing the risks faced by the business and addressing strategic opportunities as they arise.

Finally, and most importantly, thank you to our external stakeholders – from our shareholders, financiers, suppliers, through to our customers. SkyCity doesn't exist without you – a big thank you for your ongoing support.



Rob Campbell
Chair



Michael Ahearne
Chief Executive Officer

About this Annual Report

This annual report is a review of SkyCity Entertainment Group Limited (**SkyCity** or the **company** and, together with its subsidiaries, the **Group**) and its subsidiary companies' performance for the financial year ended 30 June 2021. Where appropriate, information is also provided in relation to activities that have occurred after 30 June 2021, but prior to publication of this annual report.

This annual report has been prepared in accordance with the NZX Listing Rules and Corporate Governance Code, the New Zealand Companies Act 1993 and the New Zealand Financial Markets Conduct Act 2013 and, although SkyCity is not required to comply with ASX Listing Rule 4.10 (which requires entities to include certain prescribed information in their annual reports) as it has a 'Foreign Exempt Listing' status on ASX Limited, substantially reflects the ASX Listing Rules and the Corporate Governance Principles and Recommendations (Fourth Edition) of the ASX Corporate Governance Council.

This annual report has also been prepared with due consideration of the International Integrated Reporting Council's International Integrated Reporting Framework. Integrated reporting applies principles and concepts that are focused on bringing greater cohesion and efficiency to the reporting process and adopting 'integrated thinking' as a way of breaking down internal silos and reducing duplication.

The non-financial information in this annual report has been informed by the principles and disclosures of the Global Reporting Initiative's (GRI) Sustainability Reporting Standards. Ernst & Young has undertaken limited assurance (in accordance with the International Standard on Assurance Engagements (New Zealand)) over disclosures associated with selected performance data included in the Sustainability section included in this annual report. A GRI reference index based on the GRI Sustainability Reporting Standards is included on pages 223 – 226 of this annual report.

The financial statements have been prepared in accordance with the International Financial Reporting Standards. This annual report includes both reported and normalised financial information. Our objective in providing normalised

financial information is to provide data that is useful to the investment community in understanding the underlying operations of the SkyCity Group – the intention being to provide information which is representative of SkyCity's underlying performance (as a potential indicator of future performance), can be compared across years and can assist with comparison between publicly listed casino companies in New Zealand and Australia.

This objective is achieved by:

- eliminating the inherent volatility (or 'luck' factor) from International Business, which has variable turnover and actual win percentage period to period;
- eliminating structural differences in the business between periods; and
- eliminating known different treatments with other New Zealand and Australian publicly listed casino companies.

Normalised numbers are a non-GAAP financial measure. A reconciliation of reported and normalised earnings and a description of the differences are provided on pages 219 – 222 of this annual report.

An electronic copy of this annual report is available in the Investor Centre section of the company's website at www.skycityentertainmentgroup.com.

If you have any feedback and questions in relation to SkyCity's sustainability framework and/or reporting, please contact SkyCity at sustainability@skycity.co.nz.

Unless otherwise stated, all dollar amounts in this annual report are expressed in New Zealand dollars. Certain totals, subtotals and percentages stated in this annual report may not agree throughout due to rounding.

This annual report is dated 25 August 2021 and is signed on behalf of the SkyCity Board by:



Rob Campbell
Chair of the
SkyCity Board



Jennifer Owen
Chair of the Audit
and Risk Committee

The iconic Sky Tower celebrated its 24th birthday on 2 August 2021 with a light show illuminating the Auckland skyline.

S Year in Review

2020

- SkyCity completes a \$50 million share purchase plan as part of a \$230 million equity raising announced in June 2020 to strengthen SkyCity's balance sheet in response to uncertainty around the impacts of COVID-19

- SkyCity Auckland's casino and entertainment facilities closed from 12 - 30 August in response to the COVID-19 Alert Level in Auckland increasing to Alert Level 3

- SkyCity redeems 125 million 'Series 2015' corporate bonds at \$1.0280 per bond
- A new VIP gaming offering, VIP BLACK and Ultra, opens at SkyCity Auckland as part of a \$50 million upgrade of SkyCity Auckland's gaming facilities

- Flare bar and Food Republic (a new food court) open on the SkyCity Auckland main gaming floor
- SkyCity confirmed as the official accommodation and hospitality partner of the 2020 Aotearoa Music Awards

JULY

AUGUST

SEPTEMBER

OCTOBER

- SkyCity welcomes in the New Year with a fireworks display from the top of the Sky Tower involving 500 kilograms of pyrotechnics, 3,800 effects, 1.6 tonnes of equipment and 14 kilometres of computer control cabling

- The A\$330 million SkyCity Adelaide expansion project officially opens (completed on-time and on-budget), including the new 120-room luxury hotel Eos by SkyCity
- The All Blacks Experience and Weta Workshop Unleashed attractions open at SkyCity Auckland

- Michael Ahearne appointed as Chief Executive Officer, replacing outgoing Chief Executive Officer Graeme Stephens
- SkyCity Adelaide closed from 19 - 22 November in response to state-wide COVID-19 restrictions

2021

JANUARY

DECEMBER

NOVEMBER

- SkyCity Auckland's casino and entertainment facilities closed from 14 - 17 February and 28 February - 6 March in response to the COVID-19 Alert Level in Auckland increasing to Alert Level 3
- SkyCity Auckland celebrates its 25 year anniversary

- S&P Global Ratings revises the outlook for SkyCity's long term issuer credit rating and its debt issue rating from 'Negative' to 'Stable' and affirms SkyCity's long term issuer credit rating and its debt issue ratings as BBB-

- Julie Amey appointed as Chief Financial Officer, replacing outgoing Chief Financial Officer Rob Hamilton
- SkyCity issues \$175 million of six-year, unsecured, unsubordinated, fixed rate bonds maturing on 21 May 2027
- Free sanitary products made available in all female and gender-neutral employee bathrooms across SkyCity's New Zealand properties

- Silvana Schenone, Julian Cook and Chad Barton appointed as non-executive directors of SkyCity Entertainment Group
- SkyCity informed by AUSTRAC of potential AML non-compliance by SkyCity Adelaide

FEBRUARY

APRIL

MAY

JUNE



Managing the Impacts of COVID-19

The global COVID-19 pandemic has continued to significantly impact SkyCity's business and operations at each of its properties over the last financial year. Government mandated lockdowns in New Zealand and South Australia resulted in the closure of the SkyCity Auckland casino and entertainment facilities for a total of 29 days over the period and the SkyCity Adelaide property for a total of 3.5 days over the period.

The SkyCity Wharf property has remained closed in Queenstown since initially closing on 23 March 2020 (just prior to the initial COVID-19 lockdown in New Zealand) as the ongoing border restrictions continue to have a detrimental effect on the local Queenstown economy in particular, which is largely dependent on tourism.

When permitted to reopen, our properties have initially operated with significant operational constraints due to restrictions on mass gatherings and physical distancing requirements. Significant operational effort has been required to rapidly close and reopen our properties with rigorous health and safety measures in place.

Fortunately, due to the significant efforts of the SkyCity team and the strength of our business continuity framework, SkyCity has been able to quickly and successfully respond to the ongoing challenges that the COVID-19 pandemic has presented and manage the impacts to SkyCity's business and operations.

These collective measures have meant that SkyCity has been well positioned to deal with the events of the last financial year and quickly respond when our properties have been permitted to reopen. Pleasingly, our core domestic gaming business has proved resilient. However, the ongoing health and safety risks of COVID-19 have significantly altered the commercial landscape for SkyCity's land-based properties in both New Zealand and South Australia.

Fortunately, development work on the A\$330 million SkyCity Adelaide expansion project and associated master planning projects, the New Zealand International Convention Centre and Horizon Hotel projects and the \$50 million upgrade of the SkyCity Auckland gaming facilities was able to continue over the period. The completed SkyCity Adelaide expansion project, including Eos by SkyCity – a new 120-room luxury hotel, was officially opened in December 2020.

SkyCity Online Casino, SkyCity's offshore online casino platform based in Malta, continued to trade over the period without interruption and saw strong growth in its customer base during lockdown periods in New Zealand.

SkyCity's continuing focus is on managing the post COVID-19 recovery and operating sustainability as a smaller, domestically focused business pending the gradual recovery of international visitors as international borders reopen.

Impact of COVID-19 – FY21 vs FY19 Performance



International visitation down
▼95%



Auckland hotel occupancy down
▼38%



Sky Tower visitation down
▼71%



We developed and implemented a COVID-19 Health Management Framework and Operating Plan

for our business and operations.

SkyCity's New Zealand properties were amongst the first casino operations in the world to reopen (at COVID-19 Alert Level 2) during the global pandemic with robust health management strategies in place.



We refocused SkyCity as a smaller,

domestically focused business

and adjusted our operating model to reflect the new COVID-19 operating environment, including minimising our operating costs, reducing operating hours across our precincts and significantly reducing capital expenditure.

We introduced a new SkyCity Flex

framework for our employees to enable flexible working and restructured our New Zealand workforce (downsizing it by around 25%).



We executed a \$230 million

equity raising in mid-2020 as part of a comprehensive funding plan to strengthen SkyCity's balance sheet in response to uncertainty around the impacts of COVID-19 and secured the support of existing lenders by way of covenant waivers/relief, extensions to \$170 million of upcoming debt maturities and \$160 million in additional debt facilities.

In May 2021, we also issued \$175 million of six-year, unsecured, unsubordinated, fixed rate bonds to institutional investors and New Zealand retail investors, the proceeds of which were used to reduce the SkyCity Group's drawings on its bank facilities.

We were assisted by the New Zealand and Australian Governments in the form of

Wage Subsidy

and JobKeeper payments (which SkyCity has subsequently determined to partially refund).

Impacts of COVID-19 Alert Level Changes

The New Zealand Government introduced a four-tiered COVID-19 Alert System in March 2020 to manage and minimise the risk of COVID-19 in New Zealand and to help people understand the current level of risk and corresponding legal restrictions. The following table shows the impacts of the various COVID-19 Alert Levels on SkyCity's New Zealand properties.

ALERT LEVEL			
EFFECTIVE DATE OF CHANGE IN ALERT LEVEL	AUCKLAND	HAMILTON	QUEENSTOWN
28 February 2020	First COVID-19 case reported in New Zealand		
19 March 2020	New Zealand border closed to all but New Zealand citizens and permanent residents		
21 March 2020	Alert Level system introduced		
21 March 2020	2	2	2
1.30pm, 23 March 2020	3	3	3
11.59pm, 25 March 2020	4	4	4
11.59pm, 27 April 2020	3	3	3
11.59pm, 13 May 2020	2	2	2
11.59pm, 8 June 2020	1	1	1
12.00pm, 12 August 2020	3	2	2
11.59pm, 30 August 2020	2.5	2	2
11.59pm, 21 September 2020	2.5	1	1
11.59pm, 23 September 2020	2	1	1
11.59pm, 7 October 2020	1	1	1
13 November 2020	Auckland CBD closed	1	1
11.59pm, 14 February 2021	3	2	2
11.59pm, 17 February 2021	2	1	1
11.59pm, 22 February 2021	1	1	1
6.00am, 28 February 2021	3	2	2
6.00am, 7 March 2021	2	1	1
12.00pm, 12 March 2021	1	1	1

Alert Levels

LEVEL
4

Full closure (excluding the SkyCity Auckland hotels)

LEVEL
3

Full closure (excluding the SkyCity Auckland hotels), but construction work permissible

LEVEL
2/2.5

Open with significant operational constraints due to restrictions on mass gatherings and physical distancing requirements

LEVEL
1

Open with no restrictions on mass gatherings or physical distancing requirements

In Adelaide, COVID-19 restrictions have been implemented as required by the South Australian Government in response to the level of risk at the relevant times and businesses are required to have a COVID Management Plan, approved by SA Health (the South Australian Government), and/or a COVID-Safe Plan in place outlining how high-risk activities will be managed to reduce the risk of transmission of COVID-19 between patrons/attendees and staff. An approved COVID Management Plan is in place for the SkyCity Adelaide property.

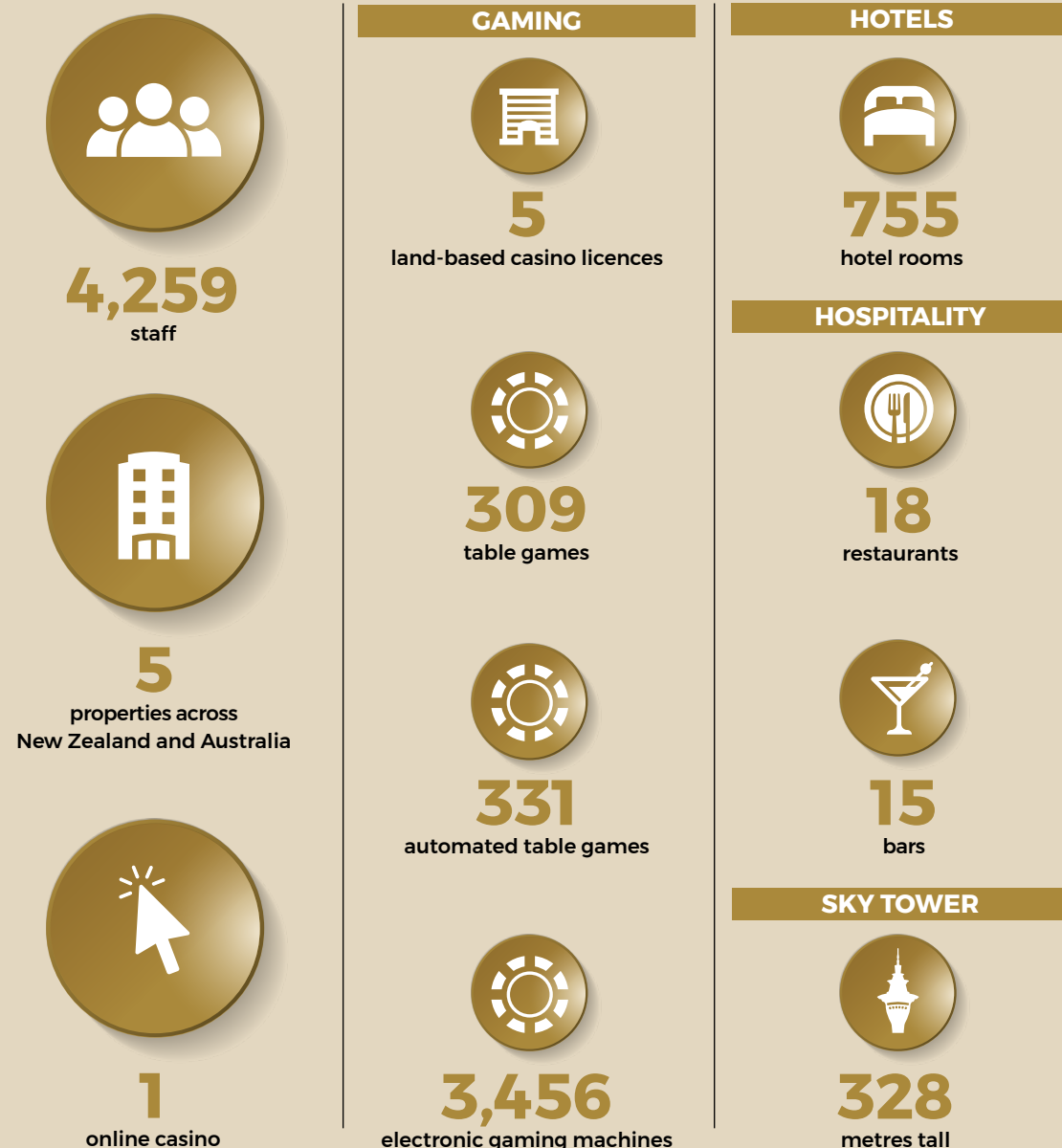
To comply with physical distancing requirements, each move from Alert 1 to Alert 2 (and vice versa) in Auckland has required the construction (and deconstruction) of 11 separate zones within the main casino floor and involved:

- moving approximately 400 electronic gaming machines and 370 hoarding panels
- 15 dedicated staff members over two days



Creating Value

Our Business (as at 30 June 2021)



FY21 REVENUE BY BUSINESS ACTIVITY

	Reported	Normalised
	%	%
Local Gaming	75%	77%
International Gaming	2%	3%
Online Gaming	2%	2%
Hotels and Conventions	5%	4%
Food and Beverage	10%	9%
Other	6%	5%

FY21 Outputs and Financial Results

FY21 revenue and annual visitation



*Includes gaming GST.

**Calculated by reference to customers who used their SkyCity Premier Rewards cards to game, where one visit records a customer's patronage on a day irrespective of how many times they used their card on that day.

FY21 Outcomes and Impacts

OUR CUSTOMERS

Implemented 'Phase 2' of facial recognition technology at the SkyCity Auckland and SkyCity Hamilton casinos to enable SkyCity to better identify customers who remain within the casino for extended periods of time.

133

additional cameras installed within our casino properties for Phase 2 of facial recognition in FY21

1,373

customers identified within our casino properties in breach of their exclusion orders during FY21
FY20 - 1,757

1,077

exclusion orders issued across our casino properties during FY21
FY20 - 982



OUR PEOPLE

Provided increased support for employee mental health and wellbeing as employees cope with the challenges and uncertainty that has been a feature of the past year with the impact of COVID-19.

80%

of our employees participated in our biennial **Speak Up employee engagement survey** with an engagement score of 85% favourable achieved

ZERO

fatalities or life altering injuries

FREE

sanitary products provided to all employees - with the initial pilot phase rolled out in New Zealand in May 2021 and in Adelaide in July 2021



OUR COMMUNITIES

Since establishing the first SkyCity Auckland Community Trust in 1996, SkyCity has awarded nearly 5,000 grants totalling over \$61.7 million to various community groups and organisations in New Zealand, large and small, through the four SkyCity Community Trusts.

\$4.1

million paid to the SkyCity Community Trusts
FY20 - \$3.7 million

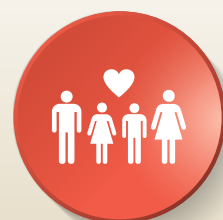
\$39.2

million paid in gaming taxes and problem gaming levies
FY20 - \$33.1 million

Over

\$2.2

million raised for Leukaemia and Blood Cancer New Zealand in two Firefighter Sky Tower Stair Challenges



Our sustainability vision recognises that, to be a sustainable business, we must be a responsible business actively protecting and promoting the people we serve and the places we share, whilst creating value for our shareholders.

SkyCity's sustainability initiatives are therefore focused on doing good for our customers, our people, our communities, our suppliers, our environment and our shareholders.

OUR SUPPLIERS

Refined our sourcing strategy by developing clear definitions for what constitutes "local" in the context of our supplier and product classifications.

Over

\$426

million paid to suppliers of goods and services during FY21 (including capital expenditure)
FY20 - over \$530 million

Around

600

key ongoing significant suppliers across the SkyCity Group
FY20 - around 800

71

active suppliers had completed an EcoVadis assessment/audit process as at 30 June 2021
FY20 - 79 active suppliers



OUR ENVIRONMENT

Achieved carbon zero status for the SkyCity Group for FY21 by way of offset through Toitū Envirocare.

16,750

tonnes CO2e total carbon footprint
FY20 - 15,137 tonnes CO2e

43.4%

reduction in waste sent by SkyCity to landfill since 2015

148

tonnes of food waste from our SkyCity Auckland kitchens sent to be commercially composted to aid the New Zealand horticulture industry
FY20 - 292 tonnes



OUR SHAREHOLDERS

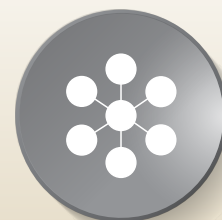
7

cents dividend per share (fully imputed) declared in relation to FY21
FY20 - 10 cents per share

Eligible shareholders in New Zealand and Australia were invited to participate in a

\$50

million share purchase plan - with 21,008,403 new ordinary shares issued in July 2020 at \$2.38 per share, a 2.5% discount to the five-day volume weighted average price of SkyCity's shares traded on the NZX during the last five days of the offer period



Performance

FY21 Highlights

SkyCity's result for the financial year ended 30 June 2021 was significantly impacted by the New Zealand International Convention Centre fire and COVID-19 pandemic (as was the case in the financial year ended 30 June 2020), with normalised EBITDA and NPAT for the Group for the period to 30 June 2021 negatively impacted.

The key features of the FY21 result are:

EBITDA

Reported

\$317.3[▼] million

FY20 – \$348.3 million

Normalised

\$252.0[▲] million

FY20 – \$200.7 million

NPAT

Reported

\$156.1[▼] million

FY20 – \$235.4 million

Normalised

\$90.3[▲] million

FY20 – \$66.3 million

DIVIDEND

FY21 dividend* (fully imputed) of

7[▼] cents per share

to be paid during September 2021

FY20 – 10 cents per share

BONDS

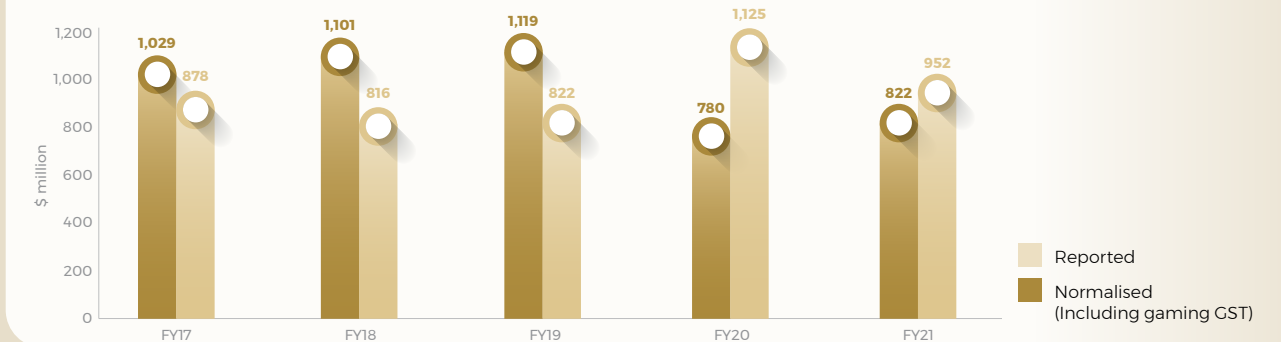
\$175 million

of six-year, unsecured, unsubordinated, fixed rate bonds issued in May 2021

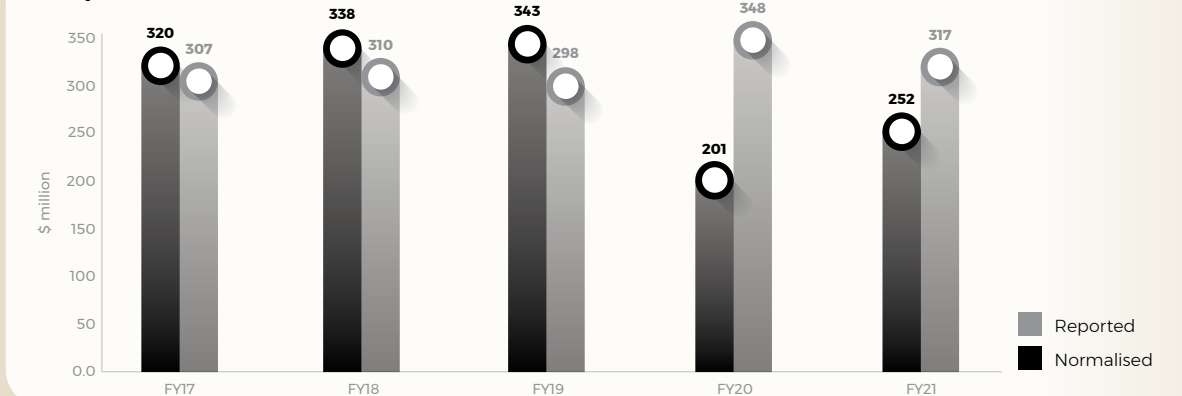
*An interim dividend was not declared for FY21 due to restrictions in the covenant waivers/relief secured as part of a funding plan announced by the company in June 2020.

Our Performance History

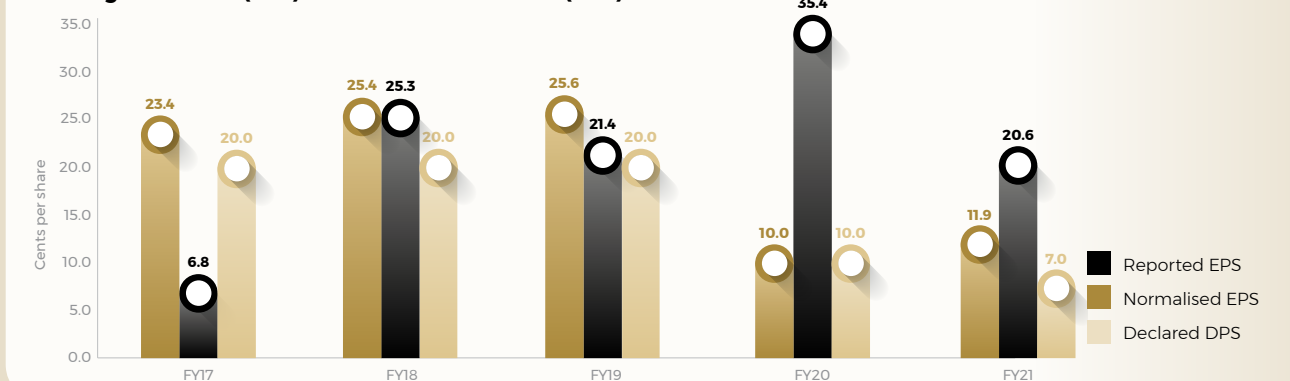
Group Revenue



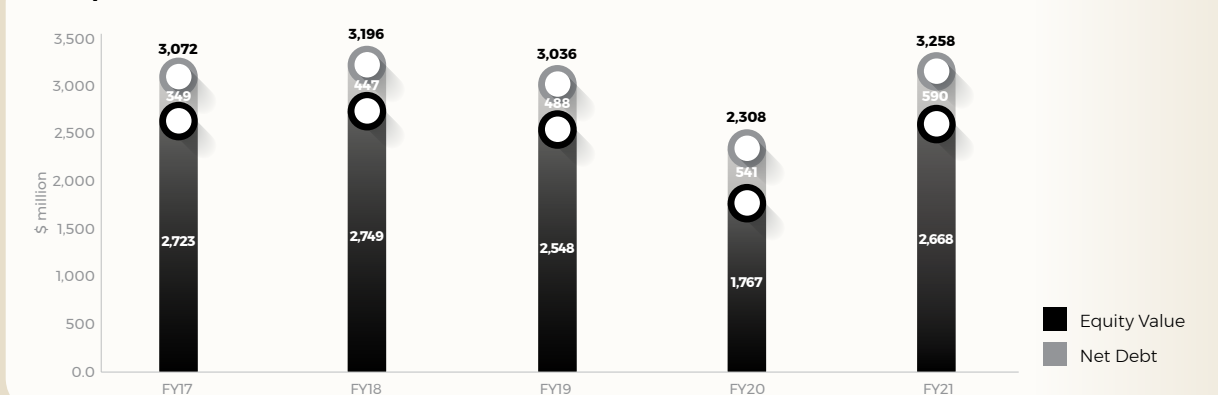
Group EBITDA



Earnings Per Share (EPS) and Dividend Per Share (DPS)



Enterprise Value



An Award-Winning Business

SkyCity's vision is to be the leader in gaming, entertainment and hospitality in our communities.

As a major employer with more than 4,200 staff across our properties in New Zealand and Adelaide, South Australia, we play a significant role in our communities and are immensely proud of the contribution we make to the communities we operate in, and our staff continue to do us proud, year-on-year.

Winning Employment Opportunities

- Winner of the Diversity and Inclusion Leadership Award at the 2020 Deloitte Top 200 Awards and the Diversity and Inclusion Award at the 2021 NZ HR Awards for Project Nikau, SkyCity's pathway to employment programme for vulnerable young people targeting Māori and Pasifika
- SkyCity Hamilton was awarded a Workbridge 'Above and Beyond Employer Award' in 2020 which recognises employers who are committed to creating a more inclusive workplace by supporting workers with disabilities

Winning Experiences

- The Grand by SkyCity named Oceania's Leading Business Hotel at the 27th World Travel Awards
- 2021 Tripadvisor Travellers' Choice Award for the SkyCity Hotel, The Grand by SkyCity, MASU, The Grill, Orbit, Depot and Huami
- 2020 Tripadvisor Travellers' Choice Award for the Sky Tower, The Sugar Club, MASU, The Grill, Orbit, Gusto and Depot
- MASU, Depot and Huami named in Viva's 'Top 50' restaurants in Auckland for 2021
- MASU and Huami named in Metro Magazine's 'Top 50' bars in Auckland for 2021
- MASU, Depot, Huami and Fed Deli named in the 2021 Denizen Hospo Heroes
- The Sugar Club named in Zupolo's 'Top 50' Auckland restaurants for 2020-2021
- Fed Deli named 'Best under \$50' in Remix Magazine's 2021 Lifestyle Awards



Tripadvisor gives a Travellers' Choice Award to accommodation, attractions and restaurants that consistently earn great reviews from travellers and are ranked within the top 10% of properties on Tripadvisor

Winning Teams

- Winner of the Best Social Responsibility category at the 2020 CBD Celebration Awards, recognising SkyCity Hamilton's commitment to community, customers, diversity and sustainability
- Awarded the Excellence in Treasury Award and named a finalist in the Market Leaders Best Investor Relations Award at the 2021 INFIZ Awards
- Awarded an Excellence Award in the In-House Lawyer of the Year category and the In-House Team of the Year category at the 2020 New Zealand Law Awards
- Awarded a Gold Award in the 2021 Australian Reporting Awards General Award, and a Silver Award in the 2021 Australian Reporting Awards Sustainability Reporting Awards, for the 2020 SkyCity Annual Report
- Finalist in the 2020 New Zealand Events Awards in the Best Not-for-Profit or Cause-related Event category (for the Firefighter Sky Tower Stair Challenge), Best Event Sponsorship category (for Vertical Pursuit) and Best Music or Entertainment Event category (for New Year's Eve)

Winning Partnerships

Over the last financial year, we were proud to sponsor and partner with great organisations in our communities:



Diversity Snapshot

At SkyCity, we employ a diverse range of people at all skill levels and aim to create an environment where people are at the centre, are motivated to work hard, progress in their careers and are empowered to grow and achieve.

The following graphic shows the diverse make up of SkyCity's workforce as at 30 June 2021 and, where relevant, as a comparison against our workforce numbers as at 30 June 2020.

4,259[▲]

STAFF (full-time, part-time and casual)

FY20 – 3,817

62%[▲]

of our workforce are 36 years old and under

FY20 – 58%

34[▼]

YEARS – average age of our workforce

FY20 – 36 years

76[▼]

YEARS – age of our oldest staff member

FY20 – 79 years

1%

identify as having a disability

FY20 – 1%

37%[▼]

of leadership roles held by women

FY20 – 39%

49%[▲]

of total workforce are women

FY20 – 48%

51%

of total workforce are men

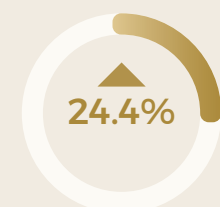
FY20 – 51%

0%[▼]

of total workforce are gender diverse

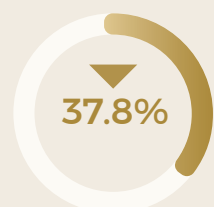
FY20 – 1%

AGE BREAKDOWN



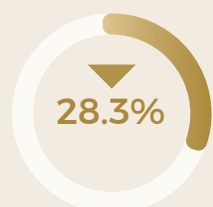
Generation Z
(<23 years)

FY20 – 19.2%



Millennials
(24–36 years)

FY20 – 38.4%



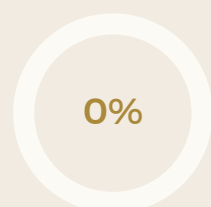
Generation X
(37–53 years)

FY20 – 31.4%



Baby Boomers
(54–75 years)

FY20 – 10.9%



Veterans
(76–93 years)

FY20 – 0.1%

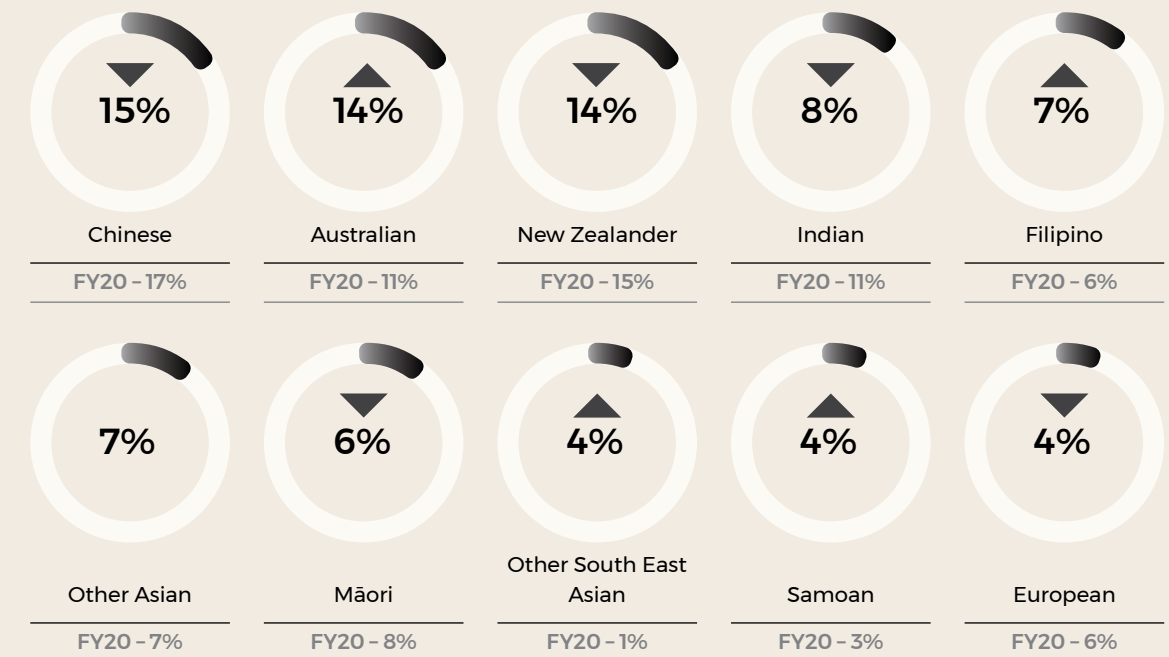
PLEDGING SUPPORT TO THE 40:40 VISION

Although women make up around half of SkyCity's workforce, female representation remains challenging at higher levels of the organisation, particularly in senior leadership roles.

In May 2021, SkyCity signed up to the 40:40 Vision, pledging a commitment to achieve gender balance across its executive leadership by 2023. 40:40 Vision is an investor and business-led initiative to achieve 40% women, 40% men and 20% any gender across the executive leadership teams of all ASX200 companies by 2030.

See page 95 of this annual report for the gender composition of SkyCity's directors, officers, senior executives and total workforce as at 30 June 2021.

OUR TOP 10 ETHNICITIES STAFF IDENTIFY WITH



Given as a percentage of those staff members who provided details about their ethnicity and those who elected "prefer not to say".

6%

identify as being a member of the LGBTTI+ community

FY20 – 6%

61[▲]

languages spoken and/or written by staff

FY20 – 57

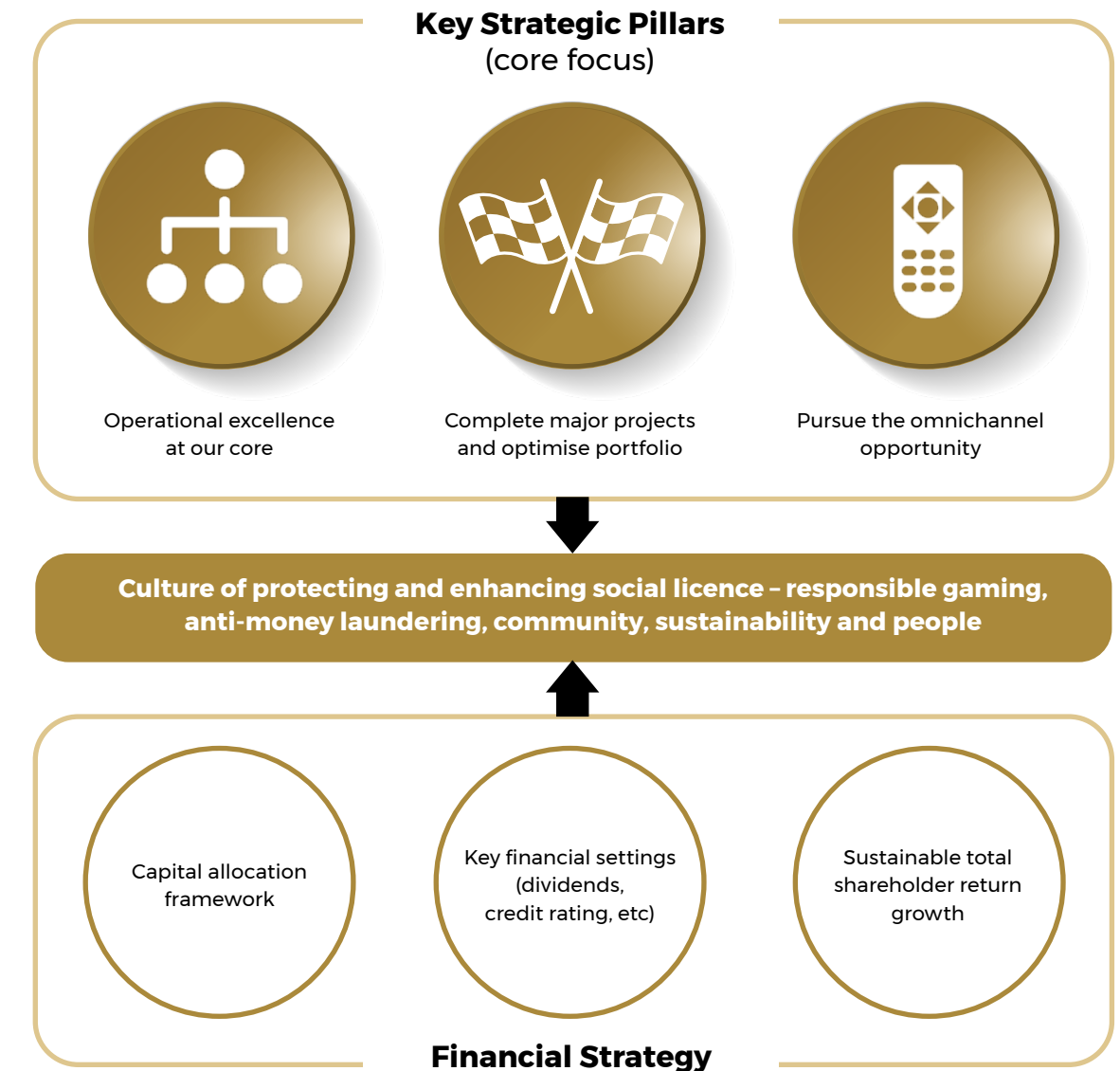
Mandarin
Tagalog (Philippines)
Hindi

our top 3 non-English languages

FY20 – Mandarin, Tagalog, Hindi



Group Strategy



A Refreshed Group Strategy

In February 2021, following the appointment of Michael Ahearne as the new Chief Executive Officer in November 2020, SkyCity announced a refreshed Group strategy. Our refreshed strategy prioritises a focus on our core business, executing our major projects in Adelaide and Auckland and delivering on the omnichannel opportunity, whilst focusing on protecting and enhancing our social licence to operate to secure our future success across various financial, social and human capitals.

SkyCity continues to monitor and evaluate adjacent opportunities in the casino industry as they arise.

This section provides a summary of SkyCity's performance and strategic positioning to create value during the financial year ended 30 June 2021 and our priorities for the year ahead.

FY21 Performance – Our Business Goals

Operational Excellence at our Core

During the past financial year, SkyCity continued to face significant challenges from the impact of the COVID-19 pandemic. Pleasingly, we have been able to leverage a more flexible and resilient operating model to effectively manage an uncertain domestic and international environment.

The benefits of our investment in new gaming product, product management and changes to the gaming floor layout continue to be realised across the Group, particularly in Auckland with the opening of new premium gaming rooms and in Adelaide post the opening of the new expansion project from December 2020.

SkyCity continues to leverage its complementary assets to drive gaming visitation and our properties have benefitted from increased domestic tourism in New Zealand and South Australia as local customers continue to have limited opportunities to travel internationally. SkyCity continues to focus on tactical marketing and loyalty activations as a cost-effective tool to drive higher quality visitation with marketing expenditure as a percentage of revenue significantly down across all properties.

Changes to SkyCity's operating model in response to COVID-19 and an ongoing focus on cost control are delivering efficiencies across the Group, with operating margins up compared to pre COVID-19 levels at all properties on a like-for-like basis.

The resilient performance of our local gaming businesses, particularly in New Zealand, has been pleasing given its importance to Group earnings and hence value. Both SkyCity Hamilton and SkyCity Queenstown delivered strong EBITDA performances for the full year underpinned by strong local gaming activity (particularly electronic

gaming machines) and good cost execution. When operating at Alert Level 1 in New Zealand, local gaming activity at SkyCity Auckland was consistently above pre COVID-19 levels, particularly during weekend and holiday peaks.

Performance at SkyCity Adelaide post the opening of the expansion project has been consistent with strong local gaming activity, particularly from premium customers (with electronic gaming machine market share around 9%) and new non-gaming facilities proving popular with customers. Good cost execution has seen property margins ahead of expectations at around 20%.

We continue to make good progress on our ICT investment and enhancing our digital capability, focusing on initiatives to improve customer experience, centred around loyalty, customer relationship management (CRM) and data analytics.

Complete Major Projects and Optimise Portfolio

We have progressed a number of key initiatives to optimise our existing portfolio over the last financial year.

Adelaide Expansion Project

The A\$330 million SkyCity Adelaide expansion project was delivered on-time and on-budget in December 2020 and included significant master planning works at the existing property within the historic Railway Station building to restore the building and improve the layout and experience for customers.

The new gaming spaces, Eos by SkyCity (the new 120-room luxury hotel) and a majority of the new food and beverage venues were opened in a staged manner from early December 2020, reflecting customer demand - with the focus initially on local and interstate customers given the ongoing international border closures. The expansion delivers significantly expanded gaming and entertainment facilities with a multi-level casino podium, contemporary gaming spaces (both main floor and premium) and a 30% increase in gaming product.

New regulatory reforms were implemented in time for the expansion opening, permitting the use of banknote acceptors, ticket-in ticket-out (TITO) functionality on the main gaming floor and a multi-protocol gaming system.

Walker Corporation has now completed a 1,500-space car park as part of its redevelopment of the Festival Plaza adjacent to the SkyCity Adelaide precinct and, in June 2021, handed over 750 car park spaces for SkyCity's exclusive use. The Festival Plaza car park will be a key asset to drive visitation to the precinct and to address the convenience offered by suburban venues in metropolitan Adelaide - in 2019, around A\$500 million of electronic gaming machine revenue was generated by venues within a 50 kilometre radius of SkyCity Adelaide.

Trading at SkyCity Adelaide has been consistent when open and SkyCity continues to expect a meaningful earnings uplift over the medium-term.

New Zealand International Convention Centre and Horizon Hotel Project

The fire at the NZICC site during October 2019 and the COVID-19 pandemic have made the NZICC and Horizon Hotel project more complex, resulting in further significant project delays. Reinstatement works post the fire are progressing (with over 300 Fletcher Construction personnel currently on site), but slower than expected. The latest draft construction programme from Fletcher Construction now indicates completion of the Horizon Hotel during 2024 and the NZICC in late 2024.

Despite the impact of the fire and COVID-19 on the project timetable, we remain comfortable with our contractual position - Fletcher Construction is required to complete the project, insurance is responding to the damage caused by the fire and, in July 2021, we secured an extension to the long stop date to complete the NZICC (to 15 December 2027) with the New Zealand Government.

As previously reported, we still expect the total cost to reinstate the NZICC and Horizon Hotel to be covered by insurance or Fletcher Construction and accordingly there is no material change to previous guidance for the total project costs (of around \$750 million). As at 20 August 2021, around \$120 million of project costs (excluding fire reinstatement costs) still remained to be spent.

Whilst the further delays on the project are regrettable, the NZICC will support long term growth in tourism expenditure in New Zealand and be a significant demand driver for our Auckland precinct, in addition to having secured the extension of the Auckland casino venue licence out to 2048.

Other Projects

Significant long term option value remains embedded in our Auckland and Hamilton precincts. Future options for our two Queenstown properties continue to be evaluated, but with the current focus on optimising SkyCity Queenstown and leveraging strong domestic tourism whilst the Wharf Casino remains closed due to ongoing international border closures.

A range of smaller growth projects were completed during the period, including a major refurbishment and expansion of our premium gaming facilities in Auckland.

As an entertainment and hospitality provider, SkyCity is challenged to stay relevant in relation to new forms of entertainment. In addition to launching the SkyCity Online Casino, in late 2020 the former SkyCity Auckland Convention Centre became home to the All Blacks Experience and Weta Workshop Unleashed. These two world-class attractions provide unique, interactive customer experiences and will help to ensure the long term relevance to the Auckland precinct.

SkyCity remains focused on effective capital discipline and, following implementation of our funding plan in mid-2020, the balance sheet is in a strong position to deliver on our medium term strategic plan. We have significant liquidity to fund commitments, and withstand slower recovery in New Zealand and Australia, one-off events and/or further COVID-19 disruptions. SkyCity has satisfied its financial covenants for the 30 June 2021 testing period and will pay a dividend of 7 cents per share during September 2021, following dividends being suspended whilst in reliance on covenant waivers/relief secured during 2020.

SkyCity remains committed to its BBB- credit rating from S&P Global Ratings which was upgraded to "Stable" from "Negative" Outlook during April 2021.

Pursue the Omnichannel Opportunity

SkyCity has continued to optimise the SkyCity Online Casino with Gaming Innovation Group Inc (GiG) despite operational constraints. Performance of the offshore online casino has exceeded our expectations with significant growth in revenue and EBITDA and in excess of 45,000 active customers. GiG continues to provide SkyCity with a full-suite online casino solution, which includes a technical platform, gaming content, managed services and front-end development.

SkyCity remains supportive of future regulation of online gaming in New Zealand with an emphasis on strong host responsibility and delivering community benefits and we continue to prepare for a regulated industry to deliver on the omnichannel opportunity for the Group. Growth in online gambling continues to be a significant global industry theme with numerous international jurisdictions regulating online gambling (or intending to do so) to address the transition from physical to online entertainment, which has been exacerbated by the impact of COVID-19.

Following a public consultation which commenced during 2019, the New Zealand Department of Internal Affairs continues to develop a policy framework for potential regulation. Regulation of the New Zealand online gaming market would enable SkyCity to pursue the omnichannel opportunity and address a fast-growing category which is highly complementary to our land-based activities whilst offering customers a varied gaming experience (both physical and digital).

FY21 Performance – Our Character and Culture Goals

Culture of Protecting and Enhancing our Social Licence

At SkyCity, we need to continually focus on protecting and enhancing our social licence to operate. A feature of the past financial year has been the steady progress made with the many initiatives under SkyCity's ESG/sustainability framework.

Steady progress has also been made to enhance SkyCity's host responsibility and AML control frameworks.

Minimising harm to customers remains a key focus with appropriate effort, resource and capital allocated to support this initiative, such as increased resourcing and investment in bespoke ICT systems (including facial recognition technology and specialised customer screening tools). SkyCity is committed to ensuring that it provides safe and responsible experiences and environments and places significant importance on its host responsibility and AML obligations. We continue to deliver on our health and safety strategy, which is centred around preventing harm and building wellness, particularly in response to the risks posed by COVID-19 in our communities.

SkyCity has continued to create and support a positive employee culture over the period, focusing on initiatives to enhance workplace flexibility, wellbeing and diversity. To this end, SkyCity was pleased to be awarded the Diversity and Inclusion Leadership Award at the 2020 Deloitte Top 200 Awards for the second time in three years for Project Nikau, an initiative to employ and develop career pathways for youth with a focus on Māori and Pasifika. SkyCity has also made progress on refocusing the SkyCity Community Trusts in New Zealand on initiatives that will enhance the employability, wellbeing and advancement of youth and has upweighted strategies to ensure its supply chain is ethical (including the implementation of a modern slavery statement, approved by the Board in October 2020) and supports local businesses. We continue to meaningfully reduce our gender pay gap across the New Zealand businesses and the final instalment of our '\$20 by 2020' wage initiative was implemented in New Zealand at the end of 2020.

We remain proud of, and rely on, our culture of compliance, which encourages people to focus on doing the right thing by themselves, their teammates, the company and stakeholders. To ensure our future success across various financial, social and human capitals, it is important to continue conducting the business holistically within the terms of our ESG/sustainability framework.

Bowl and Social at SkyCity Hamilton



Our Business Goals	FY22 Priorities
Operational excellence at our core	<ul style="list-style-type: none"> Continue to manage the COVID-19 recovery, including maintaining a flexible operating model to respond to the operating environment Continue growth in the local gaming business, particularly electronic gaming machines Continue to pursue operating efficiencies and cost savings Improve loyalty and marketing execution with an increased focus on customer experience management (CXM) Optimise the SkyCity Adelaide expansion and integration of the new assets Ongoing review and appraisal of gaming floor optimisation, including product, layout and technology Ongoing review and assessment of potential licence renewal and/or relocation in Queenstown and Hamilton
Complete major projects and optimise portfolio	<ul style="list-style-type: none"> Complete asset review and develop holistic property strategy Deliver the NZICC and Horizon Hotel project in line with market guidance of around \$750 million and consistent with the revised timetable Develop and refine the long term master plans for each property Explore leasing and/or sale opportunities for non-operational property assets, particularly in Auckland Deliver asset maintenance plan Support the new entertainment attractions (All Blacks Experience and Weta Workshop Unleashed) in Auckland
Pursue the omnichannel opportunity	<ul style="list-style-type: none"> Progress the opportunity for a regulated online casino market in New Zealand Continue to optimise our offshore venture (SkyCity Online Casino) with GiG Resource the online business and progress with pre-regulation planning and preparedness Explore new product verticals, such as Bingo and Poker

Our Character and Culture Goals	FY22 Priorities
Responsible gaming leadership and anti-money laundering	<ul style="list-style-type: none"> Respond to the AUSTRAC enforcement investigation into SkyCity Adelaide Deliver best practice anti-money laundering standards across all properties Deliver best practice host responsibility standards across all properties Finalise long play detection trials and implement technology and enhance facial recognition systems Promote awareness of SkyCity's anti-money laundering, know your customer and host responsibility obligations, and training and education amongst staff
Community and sustainability	<ul style="list-style-type: none"> Focus on building staff resilience, morale and motivation Ongoing improvements in health, safety and wellbeing strategies Deliver on gender and ethnicity diversity targets in leadership/talent pipeline Increase understanding of/participation in flexibility at work programme Ongoing reduction of employee turnover Ongoing improvements in gender and ethnic pay equality Deliver employment opportunities for youth through our Project Nikau programme Implement the 'SkyCity Sustainable Wage' in New Zealand Refine our sustainable sourcing strategy for our supply chain Maintain labour standards commensurate with an employer of choice Increase awareness of modern slavery risks and mitigations for employees working in areas impacted by these risks Measure, report and offset SkyCity's carbon footprint Implement initiatives to reduce waste to landfill and water usage

About SkyCity

SkyCity is New Zealand's largest tourism, leisure and entertainment company and is dual listed on the New Zealand and Australian stock exchanges.

As one of three major publicly listed casino operators in Australasia, SkyCity operates integrated entertainment complexes in New Zealand (in Auckland, Hamilton and Queenstown) and in Adelaide, South Australia – each featuring casino gaming facilities and premium restaurants and bars, which appeal to both domestic and international visitors alike. SkyCity also offers premium hotel accommodation in Auckland and Adelaide.

In addition to its land-based casino operations, SkyCity Online Casino (based out of Malta) offers New Zealanders an exciting online gaming experience.



SkyCity Online Casino Malta

5
PROPERTIES
across New Zealand
and Australia

1
ONLINE
CASINO

3
HOTELS

SkyCity Adelaide

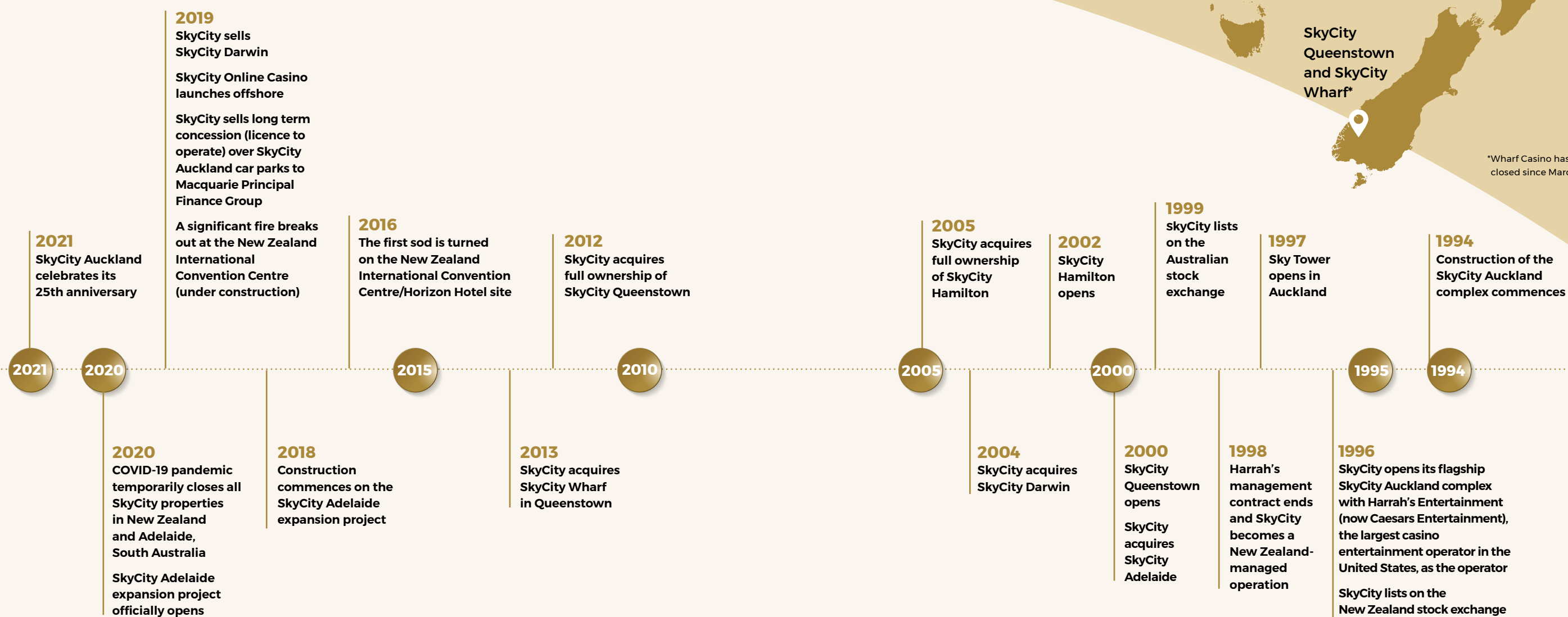
SkyCity Hamilton

SkyCity Auckland
and Group
Head Office

SkyCity
Queenstown
and SkyCity
Wharf*

*Wharf Casino has been closed since March 2020.

OUR HISTORY AT A GLANCE



Auckland

Property	SkyCity Auckland, New Zealand	
Property Manager	 Callum Mallett, Chief Operating Officer New Zealand	
Opened	1996	
Casino Venue Licence	Runs until 2048*	
Facilities	<ul style="list-style-type: none"> • Casino • Hotels • Food and beverage • Entertainment • Car parking • Sky Tower • Theatre • Telecommunications and broadcasting facilities 	
Licensed Gaming Product	<ul style="list-style-type: none"> • 1,877 electronic gaming machines** • 150 table games** • 240 automated table games*** 	
Workforce	~2,500 staff	
FY21 Revenue	\$436.4 million [^] (reported) \$488.2 million (normalised)	

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

**This allowance may be alternatively utilised to enable automated table game terminals.

***This allowance may be alternatively utilised to enable table games.

[^]Excludes New Zealand International Convention Centre fire income and liquidated damages received.

SkyCity Auckland is the flagship property of the SkyCity Entertainment Group, featuring a casino, two award-winning hotels – The Grand by SkyCity and SkyCity Hotel, bars and restaurants, a 700-seat theatre and the iconic Sky Tower. Located in the heart of Auckland's CBD, the SkyCity Auckland precinct occupies ~295,000sqm of gross floor area across the majority of three city blocks (~3.5 hectares).

Opened in 1997, the 328-metre tall Sky Tower is an icon of Auckland's skyline and the tallest

free-standing structure in the Southern Hemisphere. Visitors can enjoy breathtaking views right across Auckland from the observation decks or any of the three restaurants in the Sky Tower, including Auckland's only 360-degree revolving restaurant. At the very top of the Sky Tower, a 93-metre communications mast accommodating VHF, UHF, AM and FM broadcasting and telecommunications antennas provides telecommunications and broadcasting facilities to the telecommunications industry.

During the last financial year, SkyCity completed a \$50 million upgrade within the SkyCity Auckland casino with the opening of Flare bar, Food Republic (a three-restaurant food court) and a new VIP BLACK and Ultra gaming machine area that provides an unrivalled VIP offering and experience to SkyCity's domestic VIP customers. Two new attractions also opened within the SkyCity Auckland precinct – the All Blacks Experience, a joint venture between New Zealand Rugby and Ngāi Tahu Tourism that provides visitors with a state-of-the-art, interactive experience showcasing the All Blacks through the use of innovation and technology, and Weta Workshop Unleashed, an immersive film effects workshop created by Academy Award-winning design and effects company Weta Workshop.

SkyCity is currently investing around \$750 million within the SkyCity Auckland precinct to develop the New Zealand International Convention Centre, an adjacent laneway, over 1,250 additional car parking spaces, and Horizon Hotel – a new 300-room, 5-star hotel. This development was originally expected to be completed in 2019 – however, due to delays by the contractor, the significant fire that broke out at the New Zealand International Convention in October 2019 and the subsequent impacts of the COVID-19 pandemic, Horizon Hotel is now expected to be completed during 2024 and the New Zealand International Convention Centre and adjacent laneway are expected to be completed in late 2024.

When open, the New Zealand International Convention Centre will be New Zealand's premier convention centre enabling New Zealand to attract major international conferences as well as having capability for sporting events, theatre and musical performances. The centre is designed to be a welcoming, open building complemented by a fresh new streetscape for local, national and international visitors alike to enjoy.

FY21 PERFORMANCE

SkyCity Auckland celebrated its 25-year anniversary in February 2021 and delivered a satisfactory performance for the full year period with earnings up 4.9% compared to the prior comparable period, despite operational constraints arising due to the impact of COVID-19. The property was closed for 29 days during the period due to COVID-19 lockdowns in August 2020 and February/March 2021, and operated for 48.5 days under Alert Levels 2 and/or 2.5 restrictions during the period with limits on gatherings and mandatory social distancing requirements which significantly reduced capacity, particularly in the gaming business.

Local gaming performance remained resilient over the period and, when operating at Alert Level 1 (with no restrictions, except at the border), electronic gaming machine activity was consistent with or above pre COVID-19 levels, particularly during weekend and holiday peaks. The property continues to benefit from new product and an improved floor layout, in addition to the new premium gaming rooms which have been well received by customers.

Our tourism-related businesses in Auckland continue to be impacted by ongoing international border closures, but performance improved progressively over the period and benefitted from ongoing strong domestic tourism across New Zealand as customers continue to have limited options for international travel. Our hotels remain profitable and continue to outperform the competitor set, but RevPAR and earnings were well down on pre COVID-19 levels. Our food and beverage and attraction businesses were at broadly break-even contribution.

Pleasingly, operating margins at the property remained stable compared to the prior comparable period leveraging cost saving initiatives implemented during 2020.



Weta Workshop Unleashed



VIP BLACK



Food Republic




All Blacks Experience



Flare

Adelaide

Property	SkyCity Adelaide, Australia
Property Manager	 <p>David Christian, Chief Operating Officer Australia</p>
Acquired	2000
Licensing Agreement	Runs until 2085*
Facilities	<ul style="list-style-type: none"> • Casino • Hotel • Food and beverage • Entertainment • Conventions
Licensed Gaming Product	<ul style="list-style-type: none"> • 1,080 electronic gaming machines (allowance for 1,500) • 118 table games (allowance for 200)** • 91 automated table games (allowance for 300)
Workforce	~1,350 staff
FY21 Revenue	<p>A\$183.2 million (reported)</p> <p>A\$196.9 million (normalised)</p>

*The Approved Licensing Agreement between the Minister for Business Services and Consumers and SkyCity Adelaide Pty Limited provides Adelaide Casino with exclusive rights to provide casino gaming (except for interactive gambling) in South Australia until 30 June 2035.

**This allowance may be alternatively utilised to enable automated table game terminals.

Located in and around the historic Railway Station building on the banks of the Torrens River, SkyCity Adelaide is South Australia's only casino destination on the Festival Plaza forecourt adjacent to the Adelaide Festival Centre and Adelaide Convention Centre and near the Adelaide Oval.

In December 2020, SkyCity completed a A\$330 million expansion project at the Adelaide property, transforming SkyCity Adelaide into a world-class integrated entertainment hub. Designed by The Buchan Group in association with Hecker Guthrie Walter Brooke, and built by Hansen Yuncken, the new development includes a 120-room luxury hotel – Eos by SkyCity, wellness centre with a day spa, pool, sauna and gym, VIP gaming facilities, function and conference facility for up to 650 guests, two new bars (including a rooftop bar) and four additional signature restaurants. A spectacular

three-storey glass atrium connects the Railway Station building seamlessly with the adjoining new development.

As part of the transformation, the existing SkyCity Adelaide business, housed in the iconic Adelaide Railway Station, was also extensively revitalised and restored to improve the layout and experience for customers, and now includes a new live entertainment space (The District at SkyCity) and Australia's first fully functional microbrewery within a casino (operated by Pirate Life).

As part of the South Australian Government's broader review of gambling regulation in South Australia, in October 2020, SkyCity Adelaide introduced ticket-in ticket-out (TITO) technology on the main gaming floor and banknote acceptors across the casino.

FY21 PERFORMANCE

SkyCity Adelaide's performance prior to the expansion opening in December 2020 was impacted by operational constraints due to COVID-19 and construction disruption, but performance since opening the new facilities significantly improved across all activities.

Strict social distancing measures were required due to COVID-19 for a large part of the full year period and the property was closed for 3.5 days in late November 2020 in response to a local COVID-19 outbreak.

Performance at SkyCity Adelaide when open has been consistent with strong local gaming activity, particularly from premium customers (with

electronic gaming machine market share of around 9%) and new non-gaming facilities proving popular with customers. Property revenue during 2H21 was up around 50% compared to the comparable periods (including FY19 for April through to June 2021 due to the property being closed in the FY20 prior comparable period). Good cost execution has seen property margins ahead of expectations at around 20%.

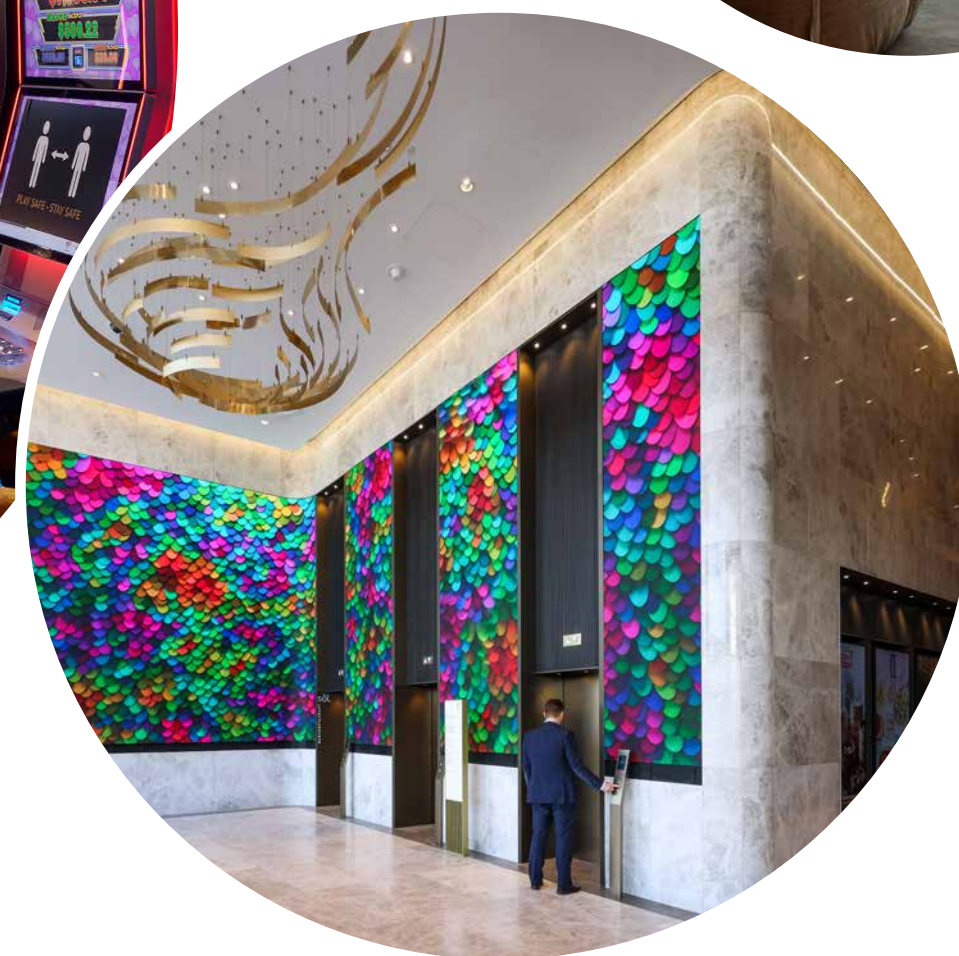
SkyCity Adelaide received a one-off benefit from the Australian Jobkeeper scheme (around A\$11 million EBITDA impact) during the period which was treated as other income. A partial repayment will be made to reflect SkyCity's improved financial performance in FY21.




A NEW ERA OF LUXURY IN ADELAIDE

The A\$330 million SkyCity Adelaide expansion development opened to the public in December 2020.

Eos by SkyCity is Adelaide's most luxurious hotel, with rooms ranging from 50sqm – 230sqm and opulently appointed to meet the growing demand for quality hotel rooms from both domestic and international visitors.



Hamilton

Property	SkyCity Hamilton, New Zealand	
General Manager	 Michelle Baillie	
Opened	2002 Increased ownership from 70% to 100% in 2005	
Casino Venue Licence	Runs until 2027*	
Facilities	<ul style="list-style-type: none"> • Casino • Food and beverage • Entertainment • Conventions • Car parking • Tenpin bowling 	
Licensed Gaming Product	<ul style="list-style-type: none"> • 339 electronic gaming machines** • 23 table games** 	
Workforce	~300 staff	
FY21 Revenue	\$65.0 million (reported) \$73.5 million (normalised)	

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

**This allowance may be alternatively utilised to enable automated table game terminals.

Situated within Hamilton's historic Chief Post Office, a building designed to maximise its superb riverside location on the banks of the Waikato River, SkyCity Hamilton features a casino, bars and restaurants, a conference centre and Hamilton's only tenpin bowling alley – Bowl and Social.

Over the last financial year, SkyCity has continued to invest in its core casino and hospitality businesses with a range of improvements across the SkyCity Hamilton property, including a new Baccarat Lounge and a refurbished function space, The Garden Room. A key focus has been on product and layout optimisation within the casino to maintain SkyCity Hamilton's market leader position and manage high demand for electronic gaming machines (which remain capacity constrained at peak times).

SkyCity Hamilton is a key member and supporter of the local community and is committed to being the Waikato region's premier entertainment destination. We were therefore thrilled to have been named the winner of the Best Social Responsibility category at the Hamilton Central Business Association's 2020 CBD Celebration Awards, recognising SkyCity Hamilton's commitment to community, customers, diversity and sustainability, and the runner-up in the Community Contribution category at the 2020 Waikato Business Awards.

FY21 PERFORMANCE


SkyCity Hamilton delivered a strong revenue and earnings result for a full year period, underpinned by strong local gaming activity and cost control, despite 51 days operating under Alert Level 2 restrictions over the period.

Consistent with prior periods, Hamilton delivered strong electronic gaming machine activity, despite capacity constraints, benefitting from improved product mix and new gaming areas, particularly for VIP customers.

The property has shown resilience to the impacts of COVID-19 over the last financial year due to having a predominantly domestic (and gaming) focused business and supportive external factors, including population growth, an increasingly diverse local economy (less reliance on the primary sector) and improved connectivity to the Auckland region. The Waikato region has also benefitted from strong domestic tourism activity in New Zealand as international borders remain closed.

A focus on cost control and operating efficiencies delivered significant margin improvement compared to the prior comparable period.

Queenstown

Property	SkyCity Queenstown and SkyCity Wharf, New Zealand	
General Manager	 Jono Browne	
Opened/Acquired	Opened Queenstown in 2000 and increased ownership from 60% to 100% in 2012 Acquired Wharf in 2013	
Casino Venue Licence	Runs until 2025* for Queenstown Runs until 2024* for Wharf	
Facilities	<ul style="list-style-type: none"> • Casino • Food and beverage • Entertainment • Conventions 	
Licensed Gaming Product	<ul style="list-style-type: none"> • 86 electronic gaming machines (Queenstown)** • 12 table games (Queenstown)** • 74 electronic gaming machines (Wharf)** • 6 table games (Wharf)** 	
Workforce	~50 staff	
FY21 Revenue	\$10.9 million (reported) \$12.3 million (normalised)	

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

**This allowance may be alternatively utilised to enable automated table game terminals.

SkyCity's two Queenstown casinos, SkyCity Queenstown and SkyCity Wharf, are located in central Queenstown surrounded by the majestic Southern Alps.

Whilst the larger SkyCity Queenstown property reopened on 14 May 2020 after the first COVID-19 lockdown in New Zealand, the smaller SkyCity Wharf property has remained closed since initially closing on 23 March 2020 as ongoing border restrictions continue to have a detrimental effect on the local Queenstown economy in particular, which is largely dependent on tourism.

FY21 PERFORMANCE

SkyCity Queenstown delivered a strong earnings result for a full year period, underpinned by strong electronic gaming machine activity, positive

domestic tourism into the region, particularly during peak holiday periods, and effective cost control.

This strong performance was despite 51 days operating under Alert Level 2 restrictions over the period and ongoing international border closures. The Wharf Casino remained closed over the period and is expected to remain so for the foreseeable future.

Good cost execution over the period delivered a significant increase in operating margins – an onerous lease benefit of \$986,076 was realised during 1H21 when the decision was made to keep the Wharf Casino closed. Future options for our two Queenstown properties continue to be evaluated, with the current focus on optimising SkyCity Queenstown and leveraging strong domestic tourism trends.

International Business

General Manager



Stewart Neish

Facilities

Premium gaming facilities at SkyCity Auckland, SkyCity Adelaide and SkyCity Queenstown

FY21 Revenue

\$17.8 million (reported)
\$22.1 million (normalised)

SkyCity's International Business division caters for high-net worth international players who visit casinos as part of their leisure activities.

The flagship SkyCity Auckland property features several premium gaming spaces, including 1,800 sqm of luxury high-end gaming space above the SkyCity Hotel featuring four luxurious gaming salons for exclusive use and four private accommodation suites. Each salon has its own private dining facilities, bar and massage chairs, as well as its own lounge area and outdoor balcony. Gaming dealers are available on request for customers, who enjoy the full range of gaming options offered at SkyCity Auckland in their own private salon.

Additional VIP luxury gaming facilities were opened in December 2020 as part of the A\$330 million SkyCity Adelaide expansion.

In April 2021, SkyCity announced, following completion of a strategic review into its International Business division, that it would

permanently cease dealing with junket operators and continue to operate its International Business division under a revised operating model where SkyCity will deal directly with International Business patrons after appropriate know your customer and customer due diligence requirements are satisfied.

FY21 PERFORMANCE

Our International Business division continues to be significantly impacted by COVID-19 and ongoing international border closures resulting in negligible international tourism activity over the period.

Cost control and modest interstate tables activity in Adelaide post expansion reduced expected losses, with 2H21 performance slightly EBITDA positive.

Our International Business team has continued to focus on proactive customer engagement to prepare the business for when borders reopen and customers can return to our properties.

Online

Managing Director



Steve Salmon

Facilities

Online casino

FY21 Revenue

\$13.1 million (reported)
\$13.1 million (normalised)

Launched in August 2019, SkyCity Online Casino provides New Zealanders with an offshore online casino platform, featuring over 1,600 online games.

SkyCity Online Casino is operated out of Malta by international iGaming company Gaming Innovation Group Inc (GiG) on behalf of SkyCity Malta Limited, an independently operated subsidiary of the SkyCity Entertainment Group, and led by a Managing Director based in Europe.

GiG provides a full-suite online casino solution, including a technical platform, gaming content, managed services and front-end development.

SkyCity remains supportive of future regulation of online gaming in New Zealand with an emphasis on strong host responsibility and delivering community benefits in New Zealand and we continue to prepare for a regulated industry to deliver on the omnichannel opportunity for the Group. Growth in online gambling continues to be a significant global industry theme with numerous international jurisdictions regulating online gambling (or intending to do so) to address the transition from physical to online entertainment, which has been exacerbated by the impact of COVID-19.

Following a public consultation which commenced during 2019, the Department of Internal Affairs (the New Zealand gambling regulator) continues to develop a policy framework for potential regulation. Regulation of the New Zealand online gaming market would enable SkyCity to pursue the omnichannel opportunity and address a fast-growing category which is highly

complementary to our land-based activities whilst offering customers a varied gaming experience (both physical and digital).

FY21 PERFORMANCE

SkyCity continued to optimise its online casino venture with GiG over the period, despite operational constraints. SkyCity Online Casino's performance over the year has exceeded expectations with significant growth in revenue and EBITDA and in excess of 45,000 active customers currently.

With gross gaming revenue of \$27.9 million (and net revenue attributable to SkyCity of \$13.1 million) and reported EBITDA of \$9.1 million for the period, SkyCity Online Casino is now making a meaningful contribution to the Group. EBITDA margin for the period was in line with expectations due to operating leverage and effective management of customer acquisition costs.



Our Values

Our people-centric values represent what it means to succeed at SkyCity – they identify what is expected from us when we come to work and define the important role we all play in creating magic at SkyCity.

OWN IT Make your mark.

We all have a unique set of skills with which we do our part for SkyCity.

Own your role, embrace it with passion and energy, act with integrity, be genuine with your interactions and be accountable for your work.

Be proud of your successes.

Take responsibility for your mistakes and learn from them to keep improving.

SHARE IT Make a difference.

We're all a part of the SkyCity team.

Be a passionate member of your team and work towards your shared goals.

Help others along the way, treat your colleagues and customers fairly and with respect.

Be honest and connect with others to build strong relationships.

Be inclusive and embrace diversity.

LIVE IT Make magic.

Be enthusiastic and take pride in working for SkyCity.

Always strive to deliver exceptional customer experiences.

Seek out ways to go the extra mile and leave a lasting impression.

Help us to continually improve and create the best version of SkyCity.

Refreshing Our Brand

In June 2021, SkyCity Auckland launched a new brand campaign, Feel It, across outdoor, online video and print media channels. Designed to remind Aucklanders and visitors from the rest of New Zealand that SkyCity offers a range of memorable experiences, the campaign celebrates the feelings SkyCity creates for its visitors across its extensive range of offerings. The campaign features many of SkyCity's most iconic attractions, as well as several less well known experiences.

Feel It unifies the many and varied parts of SkyCity under the many and varied feelings they create, be that a delicious meal, a relaxing massage or yoga class, a walk around the outside of the Sky Tower, or a jump off it, a stay in one of our hotels, or a night at the roulette table – all of these activities create memorable feelings that are celebrated in this campaign.

EXHILARATION

JOY

RHYTHM

ANTICIPATION

FREEDOM

PRIDE

CALM

FEEL IT

sky
CITY

Risk Profile and Management

SkyCity operates in a dynamic and challenging environment with risks and opportunities both locally and internationally. The SkyCity Board is ultimately responsible for the governance of the Group's risk management, which includes formulating the Group's risk appetite and setting and monitoring risk tolerance.

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

SkyCity operates a combined assurance model which is led by the Group Risk team and includes a combination of business self-assurance (production and maintenance of business unit risk registers), internal audit activity, and the selected outsourcing of a number of independent reviews. The overall effectiveness of the combined assurance model is monitored and assessed by, and all significant assurance findings are communicated to, the Audit and Risk Committee.

The SkyCity Board and management recognise that a positive culture is fundamental to an effective risk management framework and instils and promotes a culture which values the principles of honesty, fairness, cooperation, diversity and inclusion, and accountability – as reflected in the SkyCity Group's Code of Conduct (available in the Governance section of the company's website at www.skycityentertainmentgroup.com).

The Group Risk team monitors the company's culture for indications on how well the risk culture is performing and/or areas for improvement by way of:

- leadership risk culture surveys conducted annually across the SkyCity Group;
- mini risk culture surveys conducted as part of each assurance and risk review;
- bi-annual reviews of various metrics to help provide a proxy view of risk culture;
- bi-annual presentation of a risk culture dashboard to the Audit and Risk Committee; and
- regular discussions with management on risk culture.

Our Material Risks

SkyCity's ability to create and preserve value for its shareholders requires the successful execution of its business strategy, while maintaining a sound culture and practices to maintain compliance with responsible gaming frameworks. Risks influencing its ability to do this, including SkyCity's material exposure to economic, environmental and social sustainability risks, if any, and how it manages or intends to manage those risks, are outlined in the table overleaf.

Material Exposure	Risk Management
<p>Highly Regulated Industry</p> <p>SkyCity operates in the casino industry, which is highly regulated. The regulatory framework in which the business operates is not only complex but also subject to change from time to time, which may impact the environment in which SkyCity operates and increase the costs and complexities of operating its business. In addition, there is an increased regulatory focus by different regulators of the casino industry, as well as ongoing pressure to keep improving SkyCity's standards.</p> <p>Potential examples of such changes include unfavourable changes to gaming and/or smoking legislation and regulations, licence conditions and gaming taxes and levies. Such changes may be introduced for a variety of reasons, including in response to the behaviour of others operating in the industry or increased government and regulatory conservatism in relation to the casino industry in New Zealand and Australia.</p> <p>For example, over the past financial year there has been an increased focus on additional consumer protection requirements and regulatory oversight of land-based casino operators in New Zealand and Australia (including in respect of anti-money laundering and host responsibility obligations) and on SkyCity's 'social licence' to operate – see page 58 of this annual report for more details.</p>	<p>The regulatory risk is mitigated by close monitoring of the evolving regulatory landscape, including maintaining frequent and transparent engagement with the governments and regulators in each jurisdiction in which SkyCity operates and with industry stakeholders to ensure that expectations are met and high standards of compliance are maintained.</p> <p>Targeted initiatives are undertaken as and when required based on the likelihood of the risk occurring and the impact it would have on SkyCity's business.</p> <p>SkyCity also supports a robust compliance culture and framework to ensure compliance with licence conditions and applicable legislation and regulations.</p>
<p>Pandemic Preparedness and Business Continuity</p> <p>As with any large, distributed business, SkyCity must be prepared for a wide range of events that have the potential to cause significant disruption and/or temporary closure of one or more of its sites.</p> <p>The COVID-19 pandemic and related actions taken in response by the New Zealand, Australian and other Governments (including national lockdowns and border controls/travel restrictions) and the effects of the pandemic on global and domestic economies have had, and are likely to continue to have, a material adverse effect on SkyCity, its financial performance and outlook, liquidity and/or share price.</p>	<p>To mitigate this risk, SkyCity maintains a comprehensive business continuity framework, which supports preparedness and response to a wide range of critical events, including natural disasters, fire, emergency incidents and pandemics.</p> <p>The business continuity framework is subject to ongoing monitoring to ensure management readiness and capability (including undertaking simulated crisis response drills on a regular basis to test management readiness and capability) and improvement to enhance resilience.</p> <p>Due to the strength of the business continuity framework, the SkyCity Board and management have worked well in responding to and managing the ongoing impacts of the global COVID-19 pandemic to date.</p>

Material Exposure	Risk Management
<p>Liquidity and Solvency Risk</p> <p>SkyCity's ability to achieve its business objectives is dependent on it being able to effectively manage its liquidity and solvency throughout a period of no and/or significantly diminished revenue and earnings.</p> <p>There is significant complexity related to managing those matters, including as a consequence of a number of matters being outside of SkyCity's control. Such unexpected matters could result in SkyCity's financial position and future performance being adversely impacted.</p> <p>SkyCity's ability to demonstrate fiscal resilience during these times is critical to maintaining long term investor and regulatory confidence.</p>	<p>SkyCity manages liquidity risk by continuously monitoring forecast and actual cash flows and maintaining flexibility in funding by keeping committed credit lines available with a variety of counterparties and maturities.</p> <p>SkyCity also maintains close and transparent relationships with its lenders (including banks and United States private placement noteholders).</p> <p>In June 2020, SkyCity announced a comprehensive funding plan to strengthen its balance sheet and secure additional liquidity in response to the uncertainty around the impacts of COVID-19. The funding plan was successfully implemented in June and July 2020 and ensured that SkyCity had an appropriate level of equity capital for the medium to long term and sufficient liquidity to fund its committed investment in its two major projects in Auckland and Adelaide.</p> <p>In May 2021, as part of its ongoing capital management strategy, SkyCity issued \$175 million of six-year, unsecured, unsubordinated, fixed rate bonds – the proceeds of which were used to reduce the SkyCity Group's drawings on its bank facilities.</p> <p>Given the cautious economic outlook and that significant risk and uncertainty still exists around COVID-19, SkyCity continues to adopt a conservative approach to capital management.</p>
<p>Loss of Casino Licence</p> <p>SkyCity's Auckland property contributes a significant portion of SkyCity's EBITDA. This concentration of earnings means that the performance of SkyCity is heavily dependent upon the Auckland property. A significant disruption to SkyCity's Auckland operations, which may arise through the suspension, cancellation or expiry of the Auckland casino licence, would have a significant negative impact on SkyCity.</p> <p>The suspension, cancellation or expiry of any of SkyCity's other casino licences would also have a negative impact on SkyCity.</p>	<p>SkyCity has mitigated this risk by securing an extension of the Auckland casino licence to 30 June 2048.</p> <p>The SkyCity Adelaide casino licence currently runs until 30 June 2085 and extensions to the Hamilton and Queenstown casino licences are intended to be sought in accordance with the renewal provisions of the Gambling Act 2003 (New Zealand) in due course.</p> <p>In addition, SkyCity mitigates the risk by maintaining a robust compliance culture and framework to ensure compliance with licence conditions and gaming legislation and regulations, and maintaining engagement with the governments and regulators, in each jurisdiction in which SkyCity operates.</p> <p>SkyCity has an excellent history of compliance over 20 years and is committed to working cooperatively with its regulators on matters of concern.</p>

Material Exposure	Risk Management
Economic and Business Volatility The general economic conditions in the markets that SkyCity operates in, in addition to volatility in certain parts of the business, can significantly influence the financial performance of the company.	To mitigate these risks, SkyCity continually monitors its external environment, including the geo-political and global economic landscape, and has a robust liquidity management framework. SkyCity also continually reviews the optimal mix for its business activities to ensure it has a balanced portfolio reflecting its risk appetite.
Customer and Innovation Risk SkyCity recognises that it is important to consider evolving customer demographics and preferences in both its gaming and non-gaming operations, including new offerings, technologies and innovation.	To ensure SkyCity remains relevant to its customers, key strategic projects are currently being progressed, with a focus on emerging industry trends and opportunities for leveraging new technology and demographic changes. Master planning also continues to be progressed for each of the SkyCity sites to explore opportunities for food and beverage, new gaming spaces and entertainment offerings.
Technology Risk Technology represents a critical platform to SkyCity's business – not only for facilitating/enabling its operations, but also mitigating cyber-threats and ensuring compliance with regulatory and licence requirements. SkyCity's operations are dependent on a number of key systems. There is a risk that the security of critical systems may be compromised and/or information is accessed without authorisation, deleted or corrupted, which could impact SkyCity's ability to operate critical systems and result in costs to resolve or repair, potential downtime of operations, potential breaches of privacy and/or reputational impacts.	To mitigate technology risk, SkyCity has invested in a significant programme over recent years to improve technology systems, infrastructure, capability and data management, and to improve cyber-resilience. SkyCity continues to invest in these areas as required (particularly around ensuring improved levels of ICT disaster recovery preparedness) and to keep abreast of the latest cybersecurity issues and security patches. Additionally, there is a strong, ongoing focus on technology project governance, risk management and assurance. A management-led Privacy and Cybersecurity Steering Committee has been established to govern the development of SkyCity's privacy and cybersecurity strategy and programme, prioritise mitigation initiatives against the cybersecurity risk matrix, prioritise the operational initiatives to lift SkyCity's security posture, and review and respond to major cyber and privacy incidents and oversee the proposed measures to prevent recurrence. Penetration testing is undertaken regularly to test system resilience and identify any security vulnerabilities that could be exploited. Simulated phishing emails are also regularly sent within the organisation to raise security awareness amongst employees.

Material Exposure	Risk Management
Development and Project Risk (including Return from Major Projects) SkyCity has a significant project still underway (the New Zealand International Convention Centre and Horizon Hotel development in Auckland). Potential project risks include project delays, supply chain constraints and project cost overruns. The COVID-19 pandemic has significant implications for return on capital invested in major projects. For example, the ongoing closure of Australian interstate and international borders over the short to medium future is expected to impact visitation and occupancy for the recently opened SkyCity Adelaide expansion project.	SkyCity seeks to mitigate these risks by continually monitoring progress by contractors against contractual obligations, and maintaining robust project management. SkyCity has established strong governance and oversight frameworks for both current and future major growth projects. SkyCity also ensures robust governance over capital allocation and shareholder returns.
Health and Safety Risk SkyCity has Health and Safety Risk Registers in place that identify risks in two key categories – high consequence/low frequency (being critical risks) and low consequence/high frequency risks. Due to the hospitality and retail focus of SkyCity's business, a high percentage of the company's health and safety risk falls into the low consequence/high frequency category, which includes risks such as slips and trips and cuts from manual task related injuries.	To mitigate critical risks (which include working at heights, confined spaces, electrical, moving plant, fire and explosion), SkyCity has in place extensive safe systems of work to effectively control the potential for an incident. Ongoing safety assurance activities seek to test these controls and, where appropriate, strengthen critical risk controls ensuring SkyCity keeps its people and visitors safe. SkyCity has harm prevention programmes in place which are aimed at reducing minor injuries and promoting wellness amongst its employees and contractors. SkyCity's New Zealand properties are tertiary accredited under the Accident Compensation Corporation (ACC) Accredited Employers Programme and its Adelaide site is a registered self-insured employer. The company undertakes assurance activities to maintain certifications and continually improve its health and safety performance. SkyCity is committed to delivering robust health and safety standards to manage the ongoing risks associated with COVID-19 and has developed and implemented a COVID-19 Health Management Framework for its business operations. Both New Zealand and Australia have achieved relative success in ensuring a low level of infection and mortality compared to many other countries around the world. However, the ongoing health and safety risks of COVID-19 have significantly altered the commercial landscape for SkyCity's land-based properties in both jurisdictions.

Given the nature of SkyCity's operations, SkyCity does not have a material exposure to environmental risks in its usual day-to-day operations. SkyCity nonetheless recognises the criticality of climate related risks to its operations. Further details on these risks and SkyCity's approach to climate change risk management and reporting are outlined on page 122 of this annual report.

Tackling Financial Crime

SkyCity is committed to ensuring that it provides entertaining and profitable, yet safe and responsible, experiences and environments.

The New Zealand Anti-Money Laundering and Countering Financing of Terrorism Act 2009 and the Australian Anti Money Laundering and Counter Terrorism Financing Act 2006 (Cth) place obligations on certain organisations, including financial institutions and casinos, to detect and deter money laundering and terrorism financing and requires them to take appropriate measures to guard against money laundering and terrorism financing. Money laundering is how criminals disguise the illegal origins of their money. Financers of terrorism use similar techniques to money launderers to avoid detection by authorities and to protect the identity of those providing and receiving the funds.

At SkyCity, we place great importance on our anti-money laundering (**AML**) and countering financing of terrorism (**CFT**) obligations throughout every part of the organisation.

As a casino operator and reporting entity for the purposes of the AML/CFT legislation in New Zealand and Australia, SkyCity has the following measures in place across its land-based casinos:

- an assessment of the money laundering and financing of terrorism risks that SkyCity could face in the course of running its business;
- AML/CFT Programmes in New Zealand and Australia that include procedures to detect, deter, manage and mitigate money laundering and the financing of terrorism;
- an AML Compliance Officer appointed in each of New Zealand and Australia to administer and maintain the AML/CFT Programmes;
- customer due diligence processes, including customer identification and verification of identity;

- suspicious activity reporting, threshold transaction reporting and auditing of systems and processes. For example, SkyCity reports any suspicious activity that may be related to illegal activity, and cash transactions over \$10,000, to the New Zealand Police and the Australian Transaction Reports and Analysis Centre (**AUSTRAC**) (as applicable); and
- regular internal and external audits and reviews of AML/CFT compliance.

The Audit and Risk Committee is a dedicated Board committee that has responsibility for ensuring compliance with AML/CFT requirements in New Zealand and Australia and discusses, as a standing agenda item at each scheduled Audit and Risk Committee meeting, matters relating to the Group's AML/CFT obligations.

Within the business, a specialist AML team oversees the Group's ongoing compliance with AML/CFT requirements and a management-led AML Senior Management Group provides enhanced governance to AML/CFT related matters across the Group and supports the effective implementation of SkyCity's AML/CFT obligations across the Group. SkyCity senior managers and employees engaged in AML/CFT related duties also receive training on AML/CFT matters.

SkyCity's online gaming site, SkyCity Online Casino, is operated from Malta in partnership with international iGaming company Gaming Innovation Group Inc (**GiG**). GiG has in place an AML/CFT Policy that includes procedures to detect, deter, manage and mitigate money laundering and the financing of terrorism, customer due diligence processes (including customer identification and verification of identity), and suspicious activity reporting, auditing and annual reporting systems and processes. A Money Laundering Reporting Officer administers and maintains the AML/CFT Policy.

We continue to explore available technology solutions and seek expert advice where required to deliver best practice AML/CFT standards at SkyCity.



Increased Focus on the Casino Industry

Over the last financial year, there has been an increased focus on casino operators in Australia as a consequence of the New South Wales Independent Liquor and Gaming Authority's inquiry into the operation of Crown Casino in Sydney, the Royal Commission established by the Western Australian Government to inquire into and report on the affairs of the Crown Casino Perth and related matters and the Royal Commission established by the Victorian Government to inquire into the suitability of Crown Melbourne Limited to hold a casino licence.

These inquiries have led to increased focus and scrutiny on SkyCity and other casino operators and could lead to more stringent regulations for casino operators in Australia and New Zealand in relation to money laundering and other financial crimes. As a result, there are heightened expectations on SkyCity around its obligations under AML/CTF legislation and regulations, monitoring cash and third-party transactions, and undertaking enhanced due diligence checks on higher risk customers. Banks in both New Zealand and Australia are also signalling to casinos that they have a significantly reduced risk appetite for accepting cash deposits from higher risk customers.

In April 2021, SkyCity announced, following completion of a strategic review of its International Business division, that it would permanently cease dealing with all junket operators, effective immediately, and continue to operate its International Business division under a revised operating model where SkyCity will deal directly with International Business patrons after appropriate know your customer and customer due diligence requirements are satisfied.

AUSTRAC Enforcement Investigation

In June 2021, SkyCity was informed by AUSTRAC's Regulatory Operations Team that it had identified potential serious non-compliance by SkyCity Adelaide Pty Limited with the Australian Anti-Money Laundering and Counter-Terrorism Financing Act 2006 and Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No. 1) and it had, consequently, referred the matter to AUSTRAC's Enforcement Team which had initiated a formal enforcement investigation into the compliance of SkyCity Adelaide. The potential non-compliance includes concerns

relating to ongoing customer due diligence, adopting and maintaining an AML/CTF Programme and compliance with Part A of an AML/CTF Programme. These concerns were identified in the course of a compliance assessment which AUSTRAC commenced in September 2019 focusing on SkyCity Adelaide's management of customers identified as high risk and politically exposed persons over the periods from 1 July 2015 – 30 June 2016 and 1 July 2018 – 30 June 2019.

AUSTRAC has made clear that it has not made a decision regarding the appropriate regulatory response that it may apply to SkyCity Adelaide, including whether or not enforcement action will be taken.

The SkyCity Board and management team take the concerns raised by AUSTRAC very seriously and took immediate steps to investigate and appropriately address AUSTRAC's concerns, including:

- establishing a Steering Committee (led by the Chair of the SkyCity Board) to oversee SkyCity Adelaide's engagement with AUSTRAC throughout the investigation process and its response to addressing the concerns raised by AUSTRAC; and
- engaging an independent expert to conduct a comprehensive review of SkyCity Adelaide's AML/CTF Programme and broader AML function in light of the concerns raised by AUSTRAC to assist SkyCity where appropriate to enhance and improve the AML/CTF Programme and AML function. SkyCity has also devoted substantial further resources to reviewing these matters with a view to identifying and implementing appropriate improvements to SkyCity's AML function. These reviews have not been limited in their scope to matters specifically raised by AUSTRAC - they have also been directed to identifying areas where SkyCity Adelaide's AML/CTF Programme and AML function could be enhanced or uplifted more generally.

SkyCity will continue to fully co-operate with AUSTRAC in relation to its inquiries and with its investigation into SkyCity Adelaide.



Our Board



ROB CAMPBELL
Chair

Member of the Audit and Risk Committee
Member of the People and Culture Committee
Member of the Sustainability Committee
Chair of the Governance and Nominations Committee

Appointed a director of SkyCity in June 2017
and Chair of the SkyCity Board in January 2018

Rob is currently the Chair of Tourism Holdings Limited, New Zealand Rural Land Company Limited, Ara Ake Limited and WEL Networks Limited and a director of Ultrafast Fibre Limited. Rob has over 30 years' experience in capital markets and is a director of, or advisor to, a range of investment fund and private equity groups in New Zealand, Australia, Hong Kong and the United States of America. He was made a Companion of the New Zealand Order of Merit (CNZM) in the New Year Honours 2020 list for his services to governance and business.

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



SUE SUCKLING
Director

Chair of the Sustainability Committee
Member of the Governance and Nominations Committee

Appointed a director of SkyCity in May 2011

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

Sue is currently the Chair of the Insurance & Financial Services Ombudsman Scheme Commission, Jacobsen Holdings Limited, 5th Element Limited, Eat My Lunch Limited, Rubix Limited, Jade Software Corporation Limited and Taska Prosthetics Limited. Previous governance roles include chairing NIWA, the New Zealand Qualifications Authority and AgriQuality Limited, and as a director of Restaurant Brands Limited, Westpac Investments Limited and the New Zealand Dairy Board. She holds an OBE for her contribution to New Zealand business.

Sue is a Chartered Fellow of the New Zealand Institute of Directors and a Companion of the Royal Society of New Zealand.



JENNIFER OWEN
Director

Chair of the Audit and Risk Committee
Member of the People and Culture Committee
Member of the Governance and Nominations Committee

Appointed a director of SkyCity in December 2016

Jennifer Owen has more than 30 years' experience in the areas of accountancy, audit, finance, treasury and equities research. She has specific specialist knowledge of the New Zealand and Australian gaming and entertainment sectors through her previous roles as Director of Equities Research at Citigroup Global Markets, with a specialist focus on the Australasian gaming sector, and as Equities Research Analyst at Macquarie Group focusing on the tourism/leisure sector, and a wide network within the gaming industry and a strong understanding of industry and investor issues.

Jennifer is currently a Principal of Owen Gaming Research, an independent research firm specialising in the gaming and wagering markets, and a director of Aspire Child Care (Mascot) Pty Limited.

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



MURRAY JORDAN
Director

Chair of the People and Culture Committee
Member of the Audit and Risk Committee
Member of the Sustainability Committee
Member of the Governance and Nominations Committee

Appointed a director of SkyCity in December 2016

Murray Jordan is currently a director of Metlifecare Limited, Chorus Limited, Metcash Limited, Stevenson Group Limited, Asia Pacific Village Group Limited, Southern Cross Benefits Limited, Southern Cross Hospitals Limited and the Southern Cross Medical Care Society. He is also a trustee of Southern Cross Health Trust, Starship Foundation, Foodstuffs' Members Protection Trust and The Foodstuffs Co-operative Perpetuation Trust.

Prior to embarking on a governance career in 2015, he held various senior management roles at Foodstuffs Limited from 2004 to 2015, including Managing Director of Foodstuffs North Island and Managing Director and General Manager Retail, Sales and Performance of Foodstuffs Auckland Limited. In 2013, he led the merger of the Auckland and Wellington businesses of Foodstuffs to create what is now known as Foodstuffs North Island and established and oversaw the integration programme.

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

Murray will retire from the SkyCity Board effective from 30 September 2021.



SILVANA SCHENONE
Director

Member of the People and Culture Committee
Member of the Sustainability Committee
Member of the Governance and Nominations Committee

Appointed a director of SkyCity in June 2021

Silvana Schenone is a corporate partner at MinterEllisonRuddWatts in Auckland where she leads the firm's Corporate division. She has extensive expertise in mergers and acquisitions, private equity investments, takeovers, scheme of arrangements, capital raisings and corporate governance matters.

Silvana is recognised internationally for her commercial acumen and negotiation skills, and is a thought leader on corporate governance issues. Prior to joining MinterEllisonRuddWatts in 2007, Silvana was a corporate lawyer at Sullivan & Cromwell LLP in New York and prior to that at Cariola Diez Pérez-Cotapos in Chile.

Committed to championing greater diversity, Silvana is a founding member of OnBeingBold. She is also a Board member of the New Zealand Takeovers Panel and holds a Master of Laws from Harvard University.



JULIAN COOK
Director

Member of the Audit and Risk Committee
Member of the People and Culture Committee
Member of the Governance and Nominations Committee

Appointed a director of SkyCity in June 2021

Julian Cook was Chief Executive Officer of Summerset Group Holdings Limited from 2014 to March 2021 and, prior to becoming Chief Executive Officer, Summerset's Chief Financial Officer where he oversaw the company's transition to become a publicly listed company on the New Zealand and Australian stock exchanges.

Prior to joining Summerset in 2010, Julian was an Associate Director at Macquarie Group where he gained significant experience in the energy, industrial services, tourism and aged care sectors over a 12-year career.

Julian is currently a director of WEL Networks Limited and holds a Master of Finance from Victoria University and a Master of Science from the University of Waikato.



CHAD BARTON
Director

Member of the Audit and Risk Committee
Member of the People and Culture Committee
Member of the Governance and Nominations Committee

Appointed a director of SkyCity in June 2021

Chad Barton has extensive experience across finance, capital markets, mergers, acquisitions and property development. He is currently the Interim Chief Financial Officer of Nuix Limited, an ASX-listed global software company, and was the Chief Financial Officer of ASX-listed companies The Star Entertainment Group Limited from 2014 to 2019 and Salmat Limited from 2009 to 2014. Prior to this, he was Chief Financial Officer of the Australia and New Zealand business of Electronic Data Systems from 2006 to 2009.

Chad, as founding Chairperson, established Women in Gaming & Hospitality Australasia to achieve gender equity and support the development and success of women in the gaming industry.

Chad is currently a director of NeuRA (Neuroscience Research Australia) Foundation and a member of the Australian Institute of Company Directors and Chartered Accountants ANZ and holds a Bachelor of Business from the University of Technology in Sydney.

Our Senior Leadership Team



FROM LEFT TO RIGHT:
Nirupa George, Claire Walker, Callum Mallett, Matt Ballesty,
Michael Ahearne, Julie Amey, Jo Wong, Simon Jamieson and Glen McLatchie
Absent: David Christian

MICHAEL AHEARNE
Chief Executive Officer

Michael was appointed Chief Executive Officer in November 2020. He joined SkyCity in December 2017 as Group Chief Operating Officer and was responsible for driving value across SkyCity's properties in New Zealand and Australia. Michael also led SkyCity's online gaming strategy, including overseeing the establishment of SkyCity Online Casino in 2019.

Michael's extensive global experience in the gaming industry spans over 20 years across multiple sectors, including land-based and online casinos, as well as retail and online sports betting. Prior to joining SkyCity, Michael held a number of senior commercial, operational and product leadership roles at Paddy Power Betfair, one of the world leaders in sports betting and gaming. Michael was formerly the Chief Operating Officer for Aristocrat in the Australia and New Zealand regions and has held several senior management positions at The Star Casino in Sydney.

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

JULIE AMEY
Chief Financial Officer

Julie joined SkyCity as Chief Financial Officer in May 2021 and is responsible for the financial management of SkyCity, including reporting, treasury, risk management and corporate development. She also oversees SkyCity's Information and Communications Technology function and helps to drive the strategic direction of the SkyCity Group.

Julie joined SkyCity from Shell Australia where she held the role of Vice President Finance Integrated Gas. She has also held a number of senior finance roles with the Shell Group around the world since 2001, including as Vice President Finance Qatar Shell, Chief Financial Officer for Shell & Turcas A.S. Turkey and Business Finance Manager and Financial Controller for Upstream Middle East in the United Arab Emirates. Prior to joining Shell, she held finance roles at Fletcher Challenge Energy, BBC Worldwide Publishing and Deloitte & Touche.

Julie is a chartered accountant and holds a Bachelor of Management Studies from the University of Waikato.

CALLUM MALLET
Chief Operating Officer New Zealand

Callum was appointed Chief Operating Officer New Zealand in February 2021 and has operating responsibility for SkyCity's New Zealand businesses, including the day-to-day operations of SkyCity Auckland.

Callum has significant gaming and hospitality experience having held a number of senior roles at SkyCity since joining in 2009, including as General Manager of SkyCity Darwin, General Manager SkyCity Auckland Hotels, Convention Centre and Sky Tower, and Executive General Manager of Hospitality for SkyCity Auckland.

Prior to joining SkyCity, Callum held numerous senior leadership roles across the hospitality, retail and financial investment sectors. He holds a Bachelor of Commerce from Victoria University of Wellington, and has completed studies with Cornell University, The London Business School and the University of Nevada.

DAVID CHRISTIAN
Chief Operating Officer Australia

David was appointed Chief Operating Officer Australia in February 2021 and is responsible for SkyCity's Adelaide business and overseeing the Australian interstate gaming business.

David has more than 30 years' experience in hospitality, hotel and casino management, including working in several Australian States and Singapore. He has held a number of senior roles during his career with SkyCity since joining in 2005, including General Manager SkyCity Adelaide (where he was responsible for overseeing the construction and opening of the A\$330 million Adelaide expansion development), General Manager SkyCity Darwin, General Manager SkyCity Auckland and General Manager SkyCity Hamilton.

David holds a Master of Business Administration from Deakin University, Victoria, and a Diploma of Hospitality Management from Drysdale House, Tasmania.



CLAIRE WALKER
Chief People and Culture Officer

Claire was appointed in August 2016, bringing more than 20 years' experience in human resource management gained across a number of different sectors, and holds the position of Chief People and Culture Officer. She is responsible for leading the development and implementation of best practice people and culture strategy across the SkyCity Group and has executive responsibility for sustainability at SkyCity.

Prior to joining SkyCity in 2016, Claire was Chief People Officer at Sanford Limited where she established the human resources function and led the sustainability and integrated reporting activities for the organisation and, prior to that, Claire led the human resources and employee relations function for the SkyCity Auckland business. Claire has also held senior human resource roles with Carter Holt Harvey and Downer after several years working in the education sector.

Claire holds a governance role on the advisory board of the Sustainable Business Council in New Zealand.

JO WONG
General Counsel and Company Secretary

Jo joined SkyCity as Senior Legal Counsel in January 2009 and was appointed as General Counsel and Company Secretary in September 2016. She is responsible for SkyCity's legal, company secretarial, regulatory affairs and anti-money laundering functions and is designated as SkyCity's Chief Privacy Officer.

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

Jo was a finalist in the In-House Lawyer of the Year category in the 2019 and 2020 New Zealand Law Awards and was recognised in New Zealand Lawyer's 2019 and 2020 In-House Leaders lists as one of the leading lawyers across New Zealand. Jo is a graduate of the 2017 Global Women Breakthrough Leaders Programme, is a member of New Zealand Asian Leaders and holds a Bachelor of Laws and a Bachelor of Arts from Victoria University of Wellington.

SIMON JAMIESON
General Manager NZICC

Since joining SkyCity in September 2007, Simon has held a number of roles, including General Manager SkyCity Adelaide, General Manager Hotels SkyCity Auckland and Acting General Manager SkyCity Auckland.

As General Manager NZICC, Simon oversees the development of SkyCity's New Zealand International Convention Centre and Horizon Hotel project in Auckland. He is also responsible for SkyCity's development projects in New Zealand and health and safety.

With more than 35 years' experience in large-scale hospitality businesses, Simon brings a wealth of commercial, property, project and tourism experience to the SkyCity business.

GLEN MCLATCHIE
Chief Information Officer

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

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

Glen is a member of the Institute of Directors in New Zealand, a board member of Auckland charity Big Brothers Big Sisters and an advisory board member of Cyber Research NZ. Glen holds a Master of Information Systems from Swinburne University, Australia, and a Bachelor of Business Studies from Massey University, New Zealand.

MATT BALLESTY
Chief Casino Officer

Matt was appointed Chief Casino Officer in February 2021 and is responsible for managing the casino operations at SkyCity's largest property in Auckland and providing strategic direction on all gaming products across the SkyCity Group.

Matt has over 25 years' experience in the gaming and hospitality sector having held senior executive positions in Australia, New Zealand, Macau and Canada. Matt joined SkyCity originally in 2005, leading the Auckland gaming machines business and returned in 2013 as General Manager Group Gaming Strategy after gaining international gaming and hospitality experience in Macau.

NIRUPA GEORGE
Chief Corporate Affairs Officer

Nirupa joined SkyCity as Chief Corporate Affairs Officer in June 2021 and is responsible for leading SkyCity's corporate affairs activities, including government, community and industry stakeholder relations and SkyCity's public policy and advocacy.

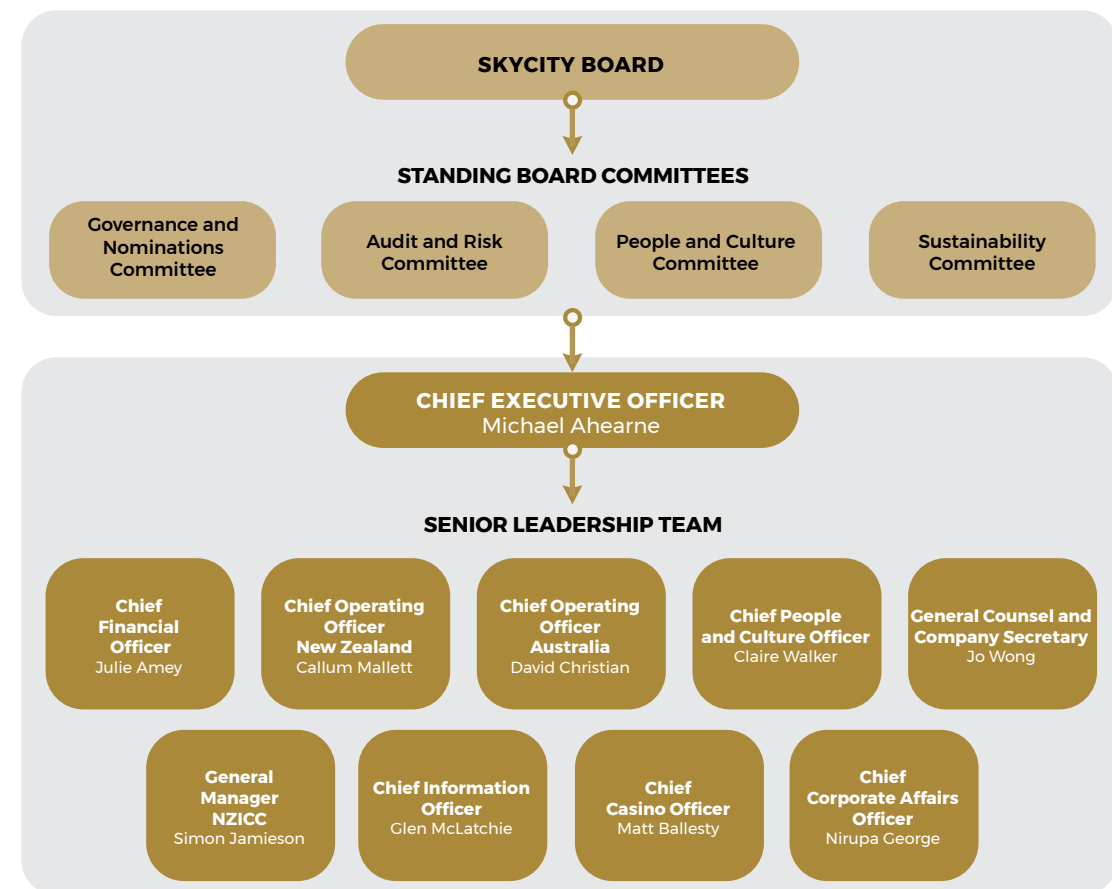
Before joining SkyCity, Nirupa was Chief of Staff to the Mayor of Auckland responsible for running his office and executing the Mayor's political priorities. Prior to this, she ran Mayor Phil Goff's successful mayoral campaign in 2016 and worked in Parliament as a Political and Media Advisor. Early in her career, Nirupa was a Senior Solicitor specialising in refugee and humanitarian law.

Nirupa is currently a board member of Amnesty International Aotearoa New Zealand and holds a Bachelor of Laws and a Bachelor of Health Science from the University of Auckland.

BOARD AND SENIOR LEADERSHIP TEAM STRUCTURE

SkyCity is committed to maintaining the highest standards of corporate behaviour and responsibility and has adopted governance policies and procedures reflecting this. Our corporate governance framework ensures Board accountability to shareholders and provides for an appropriate delegation of responsibilities to the Chief Executive Officer and Senior Leadership Team.

The SkyCity Board has responsibility for the affairs and activities of the company, which in practice is achieved through delegation to the Chief Executive Officer and Senior Leadership Team who are charged with the day-to-day leadership and management of the company. Further information on SkyCity's corporate governance framework is set out on pages 128 – 137 of this annual report. SkyCity's constitution and relevant charters and policies are available in the Governance section of the company's website at www.skycityentertainmentgroup.com.



SkyCity Hamilton is located on the banks of the Waikato River.

In July 2021, the Sky Tower was once again awarded the Qualmark Gold Award. A Gold Award recognises the best sustainable tourism businesses in New Zealand and identifies businesses leading the way in making the New Zealand tourism industry a world-class sustainable visitor destination.



Sustainability

At SkyCity, we recognise that sustainability is critical to all levels of our business and operations.

Part of being a responsible business is understanding the impacts arising from our operations. The aim of this understanding is to enable positive impacts to be fostered and negative impacts to be at the very least mitigated and ideally abated. This is particularly true when there is potential for harm to either people or the environment.

As a casino operator, we must continually focus on our social licence to operate. SkyCity is committed to maintaining the highest levels of sustainability objectives and practices, with priority given to minimising the impacts associated with problem gambling as an area of primary focus.

Our sustainability initiatives are focused on doing good for our customers, our employees, our communities, our suppliers, our environment and our shareholders. Our objective is to ensure that our strategic decisions strengthen the communities we operate in and provide environments and opportunities for our customers, suppliers and staff to enjoy, to be entertained and to be safe.

Setting Our Sustainability Framework and Strategy

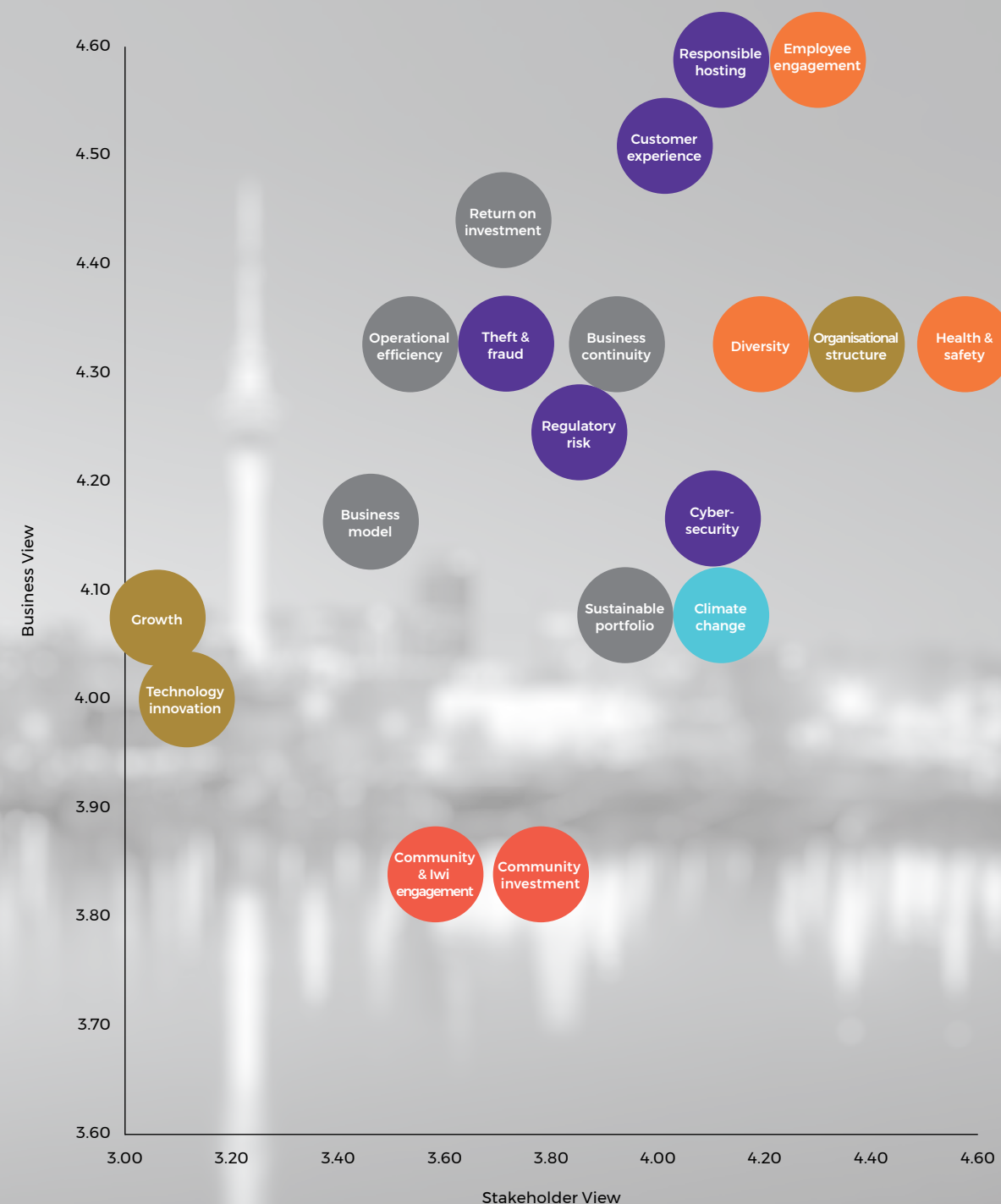
In 2016, after engaging with both internal and external stakeholders on which sustainability issues were most relevant to SkyCity's business, SkyCity adopted its first set of sustainability goals, priority actions and targets and developed a materiality matrix to identify a set of priority impact areas and issues for the business. These were subsequently refined in 2018 to incorporate global trends and local market conditions in our approach to, and assessment of, risks and opportunities, culminating in a refreshed set of sustainability pillars.

In early 2020, we commenced a review of our materiality matrix to prioritise the issues most important to our business and stakeholders and to ensure the issues were appropriately weighted in our sustainability strategy. As part of this review, internal and external stakeholders were asked to prioritise issues material to SkyCity's business from a long list of potentially material issues via a desktop review. SkyCity's sustainability strategy was subsequently refreshed to reflect the priorities identified in that review and to incorporate financial performance alongside social and environmental performance.

“ Part of being a responsible business is understanding the impacts arising from our operations ”

Our Material Issues

(as prioritised by our internal and external stakeholders)



Despite the challenges presented by the COVID-19 global pandemic, SkyCity's current sustainability strategy and strategic pillar goals, plans and priorities (as validated by the feedback from our stakeholders as part of the materiality review in 2020) remain relevant today. We continue to focus on embedding our sustainability pillars into all levels of the organisation and in the way SkyCity operates.

The material issues identified have influenced our focus on managing SkyCity's risks and have informed our sustainability strategy and priorities, which underpin our reporting on our non-financial performance.

Governance

The Sustainability Committee is a dedicated Board committee that assists the SkyCity Board to contribute to SkyCity's vision and strategic plan by ensuring that the company's sustainability strategy is best practice and supports the highest level of sustainability objectives, with priority given to minimising the impacts associated with problem gambling as an area of primary focus.

The responsibilities of the Sustainability Committee include reviewing and recommending to the Board the sustainability strategy, principles, policies and practices of the company to ensure alignment with the company's strategic objectives and performance, and reviewing and reporting to the Board on the company's impacts associated with SkyCity's sustainability pillars. The guiding principles that underpin SkyCity's sustainability activities and the role, responsibilities, composition, structure and membership of the Sustainability Committee are set out in the Sustainability Committee Charter (available in the Governance section of the company's website

at www.skycityentertainmentgroup.com), which is reviewed and approved by the Board on an annual basis.

The Board and Sustainability Committee maintain operational supervision of SkyCity's sustainability activities through clearly defined policy and effective management. Claire Walker, SkyCity's Chief People and Culture Officer, has executive responsibility for SkyCity's sustainability activities with key operational personnel within the business having day-to-day responsibility for the activities.

Our Pillars

The following pages outline our priorities, objectives and activities for each of the sustainability pillars – 'Our Customers', 'Our People', 'Our Communities', 'Our Suppliers' and 'Our Environment', outline the activities undertaken to support our sustainability strategy, and provide a summary of our achievement against our priorities for the financial year ended 30 June 2021. Commentary on the 'Our Shareholders' pillar is provided in an overarching way throughout the entirety of our financial and non-financial disclosures.

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

FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) has confirmed that SkyCity Entertainment Group has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series.

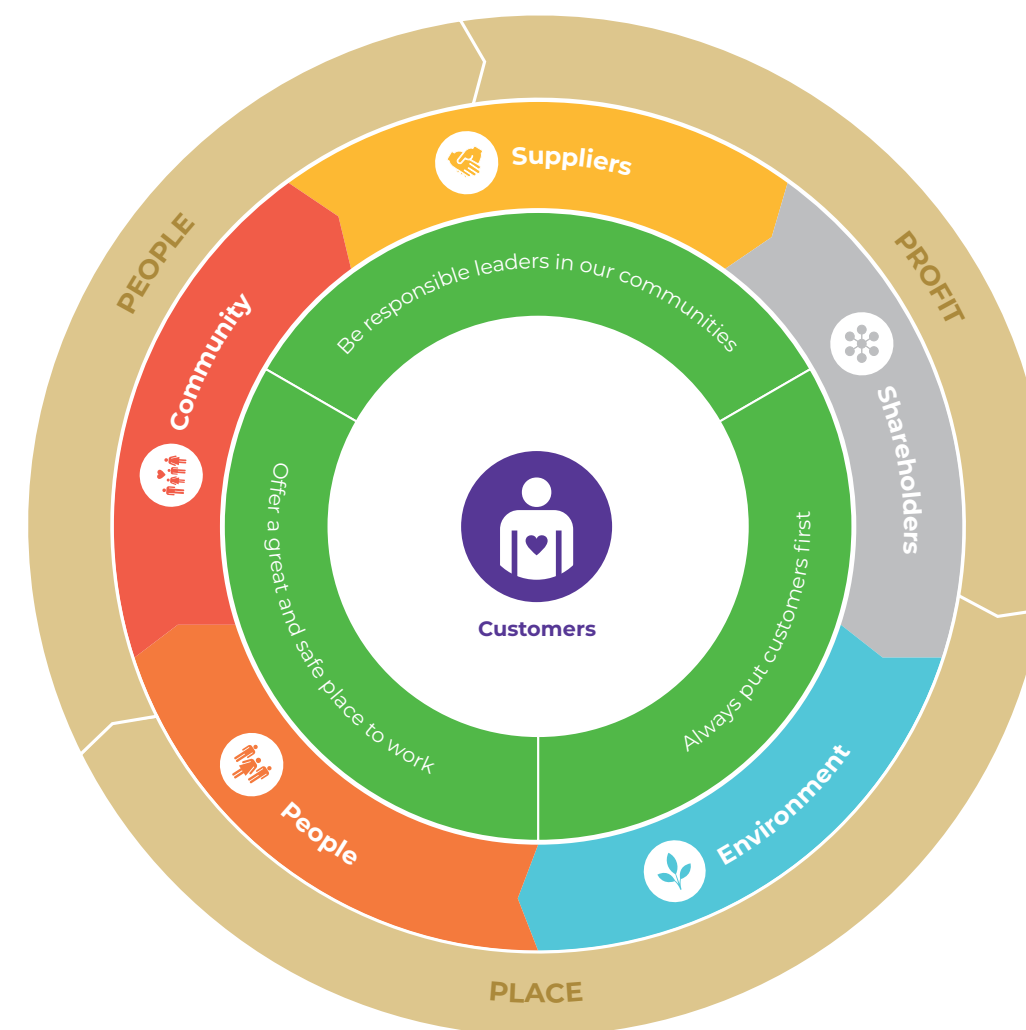
Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible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

**FTSE
Russell**



Our Sustainability Vision

To be a sustainable business, we must be a responsible business actively protecting and promoting the people we serve and the places we share, whilst creating value for our shareholders.



PEOPLE

Inspire our people

Create a great place to work where people are empowered to grow and achieve

Great, safe place to work

PLACE

Protect our environments

Respect and protect our physical environments for future generations

Sustainable success

PROFIT

Create sustainable value

Ensure business continuity through operational efficiency, sustainable investment and customer focus

Reliable return on investment



CUSTOMERS | Always put customers first | Be responsible leaders in our community

Ensure safe and enjoyable experiences for our customers, employees and communities

Our Priorities	Our Plan	Material Issues
Leading host responsibility	<ul style="list-style-type: none"> • Maintain industry-leading harm minimisation practices • Host Responsibility Programme performance and problem gambling indicators • Industry benchmarking of SkyCity's Host Responsibility Programmes • Leverage technology to enhance the identification of actual or potential problem gamblers and act on that information 	<ul style="list-style-type: none"> • Responsible hosting • Customer experience • Cybersecurity and data privacy • Regulatory risk
Customer experience and engagement	<ul style="list-style-type: none"> • Employee Host Responsibility training completion rates • Accelerate customer experience and engagement through improved data, digital and loyalty capability 	
Community awareness of harm minimisation practices	<ul style="list-style-type: none"> • Increase in community knowledge and understanding of SkyCity's harm minimisation practices • Customer data security and privacy practices 	



SUPPLIERS | Be responsible leaders in our communities

Source ethically and locally

Our Priorities	Our Plan	Material Issues
Low carbon supply chain	<ul style="list-style-type: none"> • Encourage suppliers to set science-based targets and strive to achieve zero carbon by 2050 	<ul style="list-style-type: none"> • Ethical sourcing
Buy local and seasonal	<ul style="list-style-type: none"> • Serve meals from a sustainable supply chain to employees and customers • Source animal products responsibly (eg. free range eggs) • Track and report on local vs international procurement spend • Support supplier diversity (indigenous economy) and working conditions 	
Connect to the circular economy	<ul style="list-style-type: none"> • Remove single-use plastics from our supply chain 	
Progress initiatives to eliminate modern slavery	<ul style="list-style-type: none"> • Develop and maintain a modern slavery statement for the purposes of the Modern Slavery Act 2019 (Cth) 	
Ethical supply chain	<ul style="list-style-type: none"> • Progressively work towards an end-to-end understanding of our supply chain, ensuring that all suppliers meet the standards of our Ethical Sourcing Code 	



ENVIRONMENT | Be responsible leaders in our communities

Offer a great and safe place to work

Active commitment to reducing our environmental footprint

Our Priorities	Our Plan	Material Issues
Climate change/emissions reduction	<ul style="list-style-type: none"> • Measure, report and offset SkyCity's carbon emissions 	<ul style="list-style-type: none"> • Climate change
Reducing waste	<ul style="list-style-type: none"> • Reduction of waste and diversion from landfill 	
Employee activation	<ul style="list-style-type: none"> • Employee-led Green Fund 	
Reduction in water use	<ul style="list-style-type: none"> • Implement initiatives to reduce water use 	



COMMUNITY | Be responsible leaders in our communities

Serve a social purpose by investing in our local economies and communities

Our Priorities	Our Plan	Material Issues
Economic contribution	<ul style="list-style-type: none"> • Measure and evaluate SkyCity's economic contribution to the communities in which we operate, through local procurement spend 	<ul style="list-style-type: none"> • Community investment • Community and Iwi engagement
Building communities by developing people	<ul style="list-style-type: none"> • In collaboration with the SkyCity Community Trusts, make a positive impact on youth development, employment and career paths 	
Investing in our communities through the SkyCity Community Trusts in New Zealand	<ul style="list-style-type: none"> • Community based partnerships that achieve sustainable social change • Report on community outcomes through narrative and case studies accompanied by quantitative results 	
Developing deeper connections with Iwi and indigenous peoples	<ul style="list-style-type: none"> • Build SkyCity's confidence and capability to engage authentically with Māori and indigenous peoples 	



PEOPLE | Offer a great and safe place to work

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

Our Priorities	Our Plan	Material Issues
Employee engagement	<ul style="list-style-type: none"> • Employee engagement pulse checks 	<ul style="list-style-type: none"> • Employee engagement • Meaningful career and development pathways • Diversity, inclusion and belonging • Health, safety and wellbeing
Meaningful career and development pathways	<ul style="list-style-type: none"> • Internal promotions and development opportunities 	
Diversity, inclusion and belonging	<ul style="list-style-type: none"> • Leverage the competitive advantage SkyCity's diverse workforce provides • Ethnicity and gender reporting, including gender equality of pay, and representation 	
Health, safety and wellbeing	<ul style="list-style-type: none"> • Health, safety and wellbeing scorecards 	



SHAREHOLDERS | Improve our operating performance | Optimise our existing portfolio | Grow and diversify our business | Always put customers first

Create value and maintain our social licence to operate

Our Priorities	Our Plan	Material Issues
Business continuity	<ul style="list-style-type: none"> • Strengthen and maintain good relationships with all stakeholders, including shareholders and debt providers 	<ul style="list-style-type: none"> • Business continuity • Return on investment • Operational efficiency • Sustainable portfolio • Regulatory risk
Improve operating performance	<ul style="list-style-type: none"> • Grow gaming visitation and spend and develop complementary activities that drive gaming 	
Optimise existing portfolio	<ul style="list-style-type: none"> • Achieve operating efficiencies which protect and grow margins 	
Grow and diversify our business	<ul style="list-style-type: none"> • Develop digital businesses and leverage investment in technology • Capital allocation balances short term returns and long term sustainability • Ownership of assets balances strategic control and return on capital • Monitor and evaluate regional merger and acquisition opportunities in our industry 	



Be responsible hosts

Ensure safe and enjoyable experiences for our customers, employees and communities.

Our Customers

At our core, SkyCity is a provider of casino entertainment. The promotion of responsible gaming and safe consumption of alcohol are therefore topics at the heart of our business.

We take our responsibilities to minimise risk and harm from problem gambling very seriously.

Priority Issues

- Leading host responsibility
- Customer experience and engagement
- Community awareness of harm minimisation practices

Key Stakeholders

- Customers (existing and potential)
- Department of Internal Affairs
- Gambling Commission
- Office of Liquor and Gambling Commissioner
- Consumer and Business Services
- Government Ministers, agencies and officials, including the Ministry of Health
- Treatment service providers and public health providers, including Asian Family Services, Problem Gambling Foundation, Salvation Army, Raukura Hauora o Tainui and Hāpai Te Hauora in New Zealand and Relationships Australia, Overseas Chinese Association, PEACE Multicultural Services and OARS SA in South Australia
- Australasian Gaming Council
- Police
- Local councils

FY21 Performance Highlights

- Successfully trialled and implemented 'Phase 2' of facial recognition technology at the SkyCity Auckland and SkyCity Hamilton casinos to enable SkyCity to better identify customers who remain within the casino for extended periods of time
- Restructured our host responsibility function and resourcing in New Zealand to enhance the quality and effectiveness of our host responsibility practices, including an increase in host responsibility staffing numbers at the SkyCity Auckland, SkyCity Hamilton and SkyCity Queenstown casinos
- Redesigned and launched a new staff host responsibility training programme in New Zealand, including online modules

FY21 Key Challenges

- Maintaining best practice host responsibility has been more challenging in a COVID-19 operating environment
- Alignment of host responsibility and harm minimisation practice and culture across the SkyCity casinos remains challenging due to differences from site to site
- With changing behaviours and multiple delivery channels, it is important for SkyCity to regularly review the most effective way to educate and inform customers about our host responsibility practices

FY22 Focus Areas

- Continue to embed a culture of customer care within SkyCity
- Maximise the use of existing host responsibility technologies across all SkyCity properties and investigate new technologies entering the market
- Review internal host responsibility processes to ensure SkyCity is providing the highest standard of customer care across all areas of the business



Leading and Best Practice Host Responsibility

When done responsibly, gambling can be a fun and enjoyable entertainment activity. However, it can also have harmful effects on some individuals, their families and their communities. Our challenge is therefore to ensure that our business provides entertaining and profitable, yet safe and responsible, experiences and environments.

This section largely focuses on SkyCity's approach to host responsibility across its land-based casinos. Due to limitations in the New Zealand Gambling Act 2003, SkyCity launched its online gaming site, SkyCity Online Casino, offshore in August 2019 via its Maltese subsidiary, SkyCity Malta Limited, in partnership with international iGaming company Gaming Innovation Group Inc (GiG). GiG provides a full-suite online casino solution, which includes a technical platform, gaming content, managed services, front-end development and best-in-class host responsibility procedures. SkyCity Malta Limited has tailored the host responsibility tools available from its offshore platform to align wherever possible with SkyCity's land-based practices and, in some cases, has developed new processes specifically applicable to the New Zealand market such as the casino age restriction and contact information for support services. Further details of SkyCity Online Casino's host responsibility practices are available at www.skycityentertainmentgroup.com/our-commitment/responsible-gambling for all customers and staff.

Commitment to Host Responsibility

At SkyCity, we place great importance on host responsibility throughout every part of the organisation.

The Sustainability Committee is a dedicated Board committee that assists the SkyCity Board to contribute to SkyCity's vision and strategic plan by ensuring that the company's sustainability strategy is best practice and supports the highest level of sustainability objectives, with priority given to minimising the impacts associated with

problem gambling as an area of primary focus. The Sustainability Committee is responsible for overseeing and monitoring the company's host responsibility and responsible gambling programme and initiatives and monitoring licensing and regulatory compliance in respect of such matters. At each scheduled Sustainability Committee meeting, progress against host responsibility and responsible gambling measures and targets is reported and discussed as a standing agenda item.

Within the business, a management-led Host Responsibility Governance Group meets monthly to discuss and review host responsibility matters that have arisen or may arise in the future across the SkyCity Group. The principle objectives of the Governance Group are to:

- provide collective guidance to SkyCity management on host responsibility matters of interest;
- enable senior management to discuss any relevant topics and to receive advice, support and ongoing learnings in a confidential environment;
- expose senior management personnel to host responsibility topics that may have bearing or impact on SkyCity's regulatory environs, customers, their site/jurisdiction of operation or its employees; and
- develop initiatives that will collectively benefit SkyCity customers and shareholders by way of discussion, provision or endorsement of responsible gambling and/or harm prevention components.

A robust Host Responsibility Programme is in place at each of our physical sites, and within SkyCity Online Casino, to prevent and minimise harm from problem gambling.

All SkyCity Board members and staff receive training in problem gambling awareness. A dedicated team of experienced host responsibility specialists are employed at each of SkyCity's land-based casinos and, through our partnership with GiG, an experienced harm minimisation team is in place for SkyCity Online Casino.

An outline of SkyCity's commitment to host responsibility and detailed individual site-related information, including the Host Responsibility Programme for each site and SkyCity Online Casino, is available at www.skycityentertainmentgroup.com/our-commitment/responsible-gambling.

Maintaining Leading and Best Practice Host Responsibility

We are immensely proud of the culture of care we have developed within our casinos and continue to focus on ways to ensure that this culture of care is maintained and that we have the highest standard of host responsibility best practice.

Over the past financial year, we implemented additional host responsibility technology measures to improve our ability to detect continuous presence and play within our casinos, including:

- the implementation of 'Phase 2' of facial recognition technology at the SkyCity Hamilton casino in November 2020, and at the SkyCity Auckland casino in March 2021, to enable SkyCity to better identify customers who remain within the casino for extended periods - see further details below; and
- the introduction of 'Live View' system technology at the SkyCity Queenstown casino to assist in identifying uncarded continuous play on electronic gaming machines. This technology was earlier introduced at the larger SkyCity Auckland and SkyCity Hamilton casinos during the financial year ended 30 June 2020.

Over the past financial year, we also:

- restructured our host responsibility function and resourcing in New Zealand to enhance the quality and effectiveness of our host responsibility practices, including an increase in host responsibility staffing numbers at the SkyCity Auckland, SkyCity Hamilton and SkyCity Queenstown casinos; and
- redesigned and launched a new staff host responsibility training programme in New Zealand, including new online modules.

In a dynamic casino environment, maintaining effectiveness, relevancy and consistency in harm minimisation best practice is an ongoing challenge. In response to that challenge, SkyCity continues to

explore available technology solutions, seek expert advice, consult stakeholder groups and source a range of research material.

Independent Assurance

An independent audit is carried out every two years at each land-based casino to monitor compliance with SkyCity's relevant Host Responsibility Programme.

SkyCity also has an internal independent assurance programme in place to monitor and improve compliance with SkyCity's land-based harm minimisation framework and undertakes internal mystery shopping training exercises across its land-based casinos to test the robustness of its host responsibility practices.

Each SkyCity Host Responsibility Programme is also subject to audit by the relevant gambling regulator.

Embracing Technology

Facial Recognition

After trialling different available technology solutions from late 2018, SkyCity successfully implemented a full facial recognition technology solution across all its land-based casinos in November 2019 using cameras positioned at all entry points to the gambling areas. This technology assists SkyCity to recognise customers who have been excluded from re-entering its casinos by notifying SkyCity personnel when an individual matching an image from SkyCity's database of excluded patrons re-enters a SkyCity gambling area. Prior to the introduction of facial recognition technology in November 2019, staff recall was the primary mechanism for identifying excluded persons returning to the casino in breach of their exclusion orders.

The new technology is proving to be useful in assisting SkyCity to identify excluded customers from re-entering SkyCity's casinos, with a marked increase in the number of excluded persons identified returning to a SkyCity casino in breach of their exclusion orders during the financial years ended 30 June 2020 and June 2021 in comparison to preceding periods.

In the second half of 2020, we commenced a trial of 'Phase 2' of facial recognition technology at the SkyCity Hamilton casino in conjunction with 26

additional cameras installed within the casino to assist SkyCity in identifying customers who remain within the casino for extended periods. The trial proved successful and the initiative was rolled out at the SkyCity Hamilton casino in November 2020 and at the larger SkyCity Auckland casino (in conjunction with 107 additional cameras installed within the casino) in March 2021. This initiative is intended to be rolled out at the SkyCity Adelaide casino by the end of the financial year ending 30 June 2022.

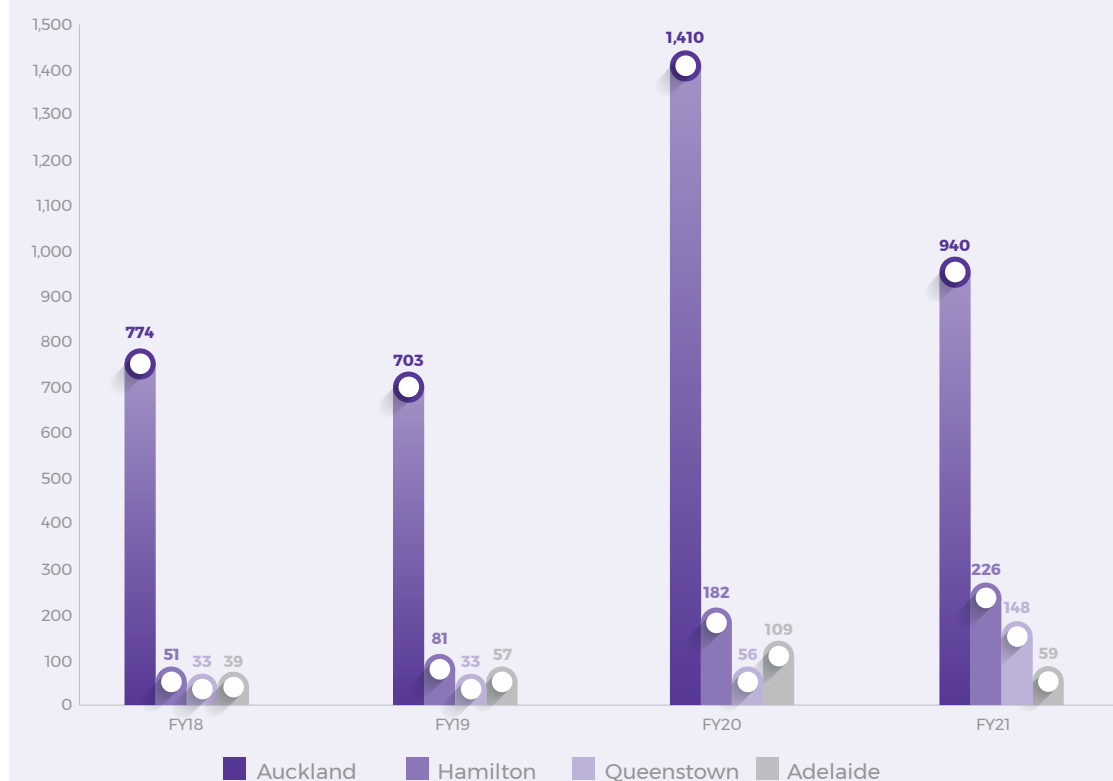
The introduction of facial recognition technology and other technological solutions significantly bolsters and assists SkyCity's ongoing efforts to detect and prevent excluded customers from re-entering its casinos and to detect continuous presence and play - however, despite our best efforts and host responsibility measures and initiatives, there is no guarantee that facial recognition technology will be effective in each and every case and some individuals may nonetheless find ways to elude staff.

Predicative Algorithm

Since 2014, SkyCity has operated a predictive algorithm risk model created by Focal Research at SkyCity's largest and busiest casino in Auckland, which analyses loyalty data as a tool to identify players who may be at risk from gambling harm. The algorithm was upgraded in May 2019 and again in June 2020 with the addition of Focal Research's 'ALeRT BETTOR Protection System' software to enhance and improve SkyCity's ability to identify potential at-risk gamblers. The ALeRT BETTOR Protection System software uses routinely stored customer data to create complex models for identifying and managing high-risk play (the algorithm) that otherwise may not be outwardly visible to operators or customers.

In June 2020, the algorithm (including the ALeRT BETTOR Protection System software) was rolled out and implemented at the SkyCity Hamilton casino.

Number of Excluded Persons Identified Returning to a SkyCity Property in Breach of an Exclusion Order



The reduction in the number of exclusion-related breaches from FY20 to FY21 is likely due to changes in excluded patron behaviour following the introduction of facial recognition technology in 2020.

Consistency of Responsible Gaming Culture and Practice

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

These differences mean that while SkyCity's Host Responsibility Programmes have similarities, they are often carried out quite differently. However, problem gambling is an addiction and the possibility of harm from this type of behaviour manifests itself in the same way regardless of jurisdiction or location. That is why SkyCity endeavours to lead in this area and employ best practice prevention methods across the business.

A key strategic focus across the SkyCity Group for minimising gambling harm is prevention. Robust prevention initiatives can be developed and implemented across the Group with few or no regulatory or local procedural constraints. By adopting a prevention approach, we can increase our ability to identify and respond early to new or emerging concerns that may lead to problem gambling related issues for our customers.

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

Customer Experience and Engagement

SkyCity promotes a range of tools in order to facilitate responsible gambling – however, exclusion is an equally important host responsibility offering for those who may be vulnerable to problem gambling.

Our casinos offer extensive information to customers about exclusion options and referral details for problem gambling support services, including gambling helplines and face-to-face counselling organisations.

In New Zealand, customers can choose to exclude themselves from all SkyCity casinos in New Zealand for a period of up to two years. In some cases, SkyCity itself makes the decision to exclude a customer as a means to prevent risk of harm occurring, or as a means to stop further harm through a customer's gambling at SkyCity's casinos.

In Adelaide, all exclusions are referred to Consumer Business Services (the South Australian Government's regulator) who has overall management of exclusions.

With the size of our customer base and premises, it can be a challenge to identify individuals immediately and, despite our best efforts and measures, some individuals may nonetheless find ways to elude staff and re-enter a SkyCity casino.

Community Knowledge

Given that a material issue to our internal and external stakeholders is responsible gambling, we aim to foster good relationships with problem gambling stakeholders.

As part of this approach, we provide tours of our facilities and literature to treatment providers to assist them in understanding our gaming environments and Host Responsibility Programmes. We also partner with local experts and support agencies to ensure we have up-to-date resources in place for harm minimisation and prevention.

The objective is to improve information sharing and collaboration between stakeholders in order to advance SkyCity's harm minimisation approach. This collaborative approach ensures that knowledge about problem gambling is shared between SkyCity and the relevant stakeholders, who work together to minimise harm.

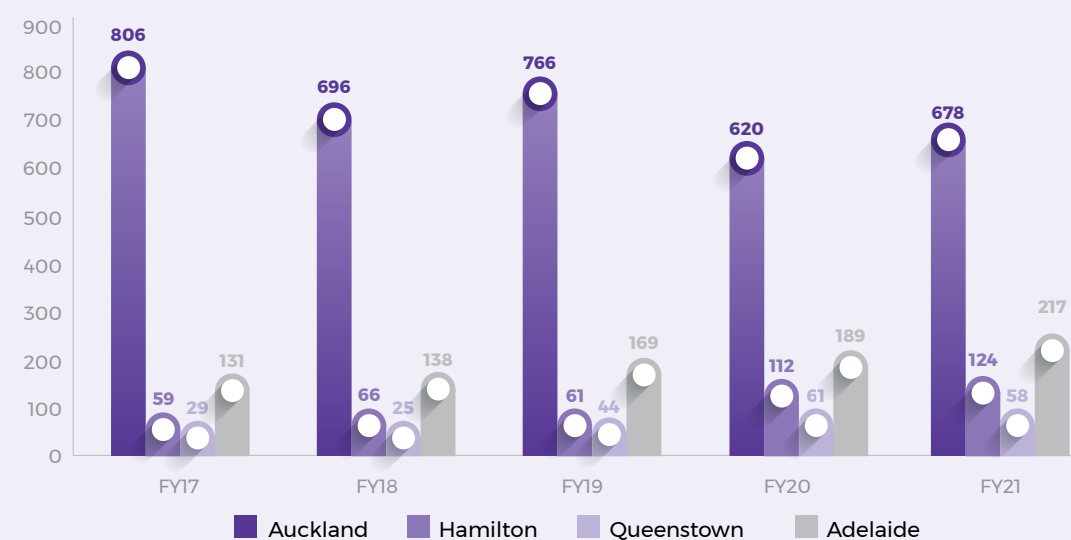
During the past financial year, we continued to engage with community stakeholders, both at their request and through more formal bi-monthly Host Responsibility Community Liaison Group meetings in Auckland attended by treatment service providers, public health providers and Government agencies.

In December 2020, SkyCity participated in Gambling Harm Awareness Week in New Zealand, partnering with treatment service providers and stakeholders to promote support and harm minimisation initiatives with customers within our SkyCity Auckland and SkyCity Hamilton casinos.

We also invite treatment service providers to attend our internal host responsibility training programmes wherever possible.

Exclusions at SkyCity Properties

The following graph summarises the number of exclusions issued by each of the SkyCity properties over the 2017-2021 financial years:





“Host responsibility shows that SkyCity cares about its customers. Facial recognition is an additional tool that helps us to recognise customers who may need a helping hand.

I get to meet new people, but also check in and ensure that they are enjoying their time with us in a really safe way. I get to know more about our customers, many of whom visit us from out of Auckland. If there are any issues, I can assist them straight away”.

**Pam Lanumata
Table Games**

Pam has been with SkyCity for 22 years and is a key member of our Table Games team at SkyCity Auckland. She joined SkyCity as a young mother and, during her career with us, has progressed from being a table games dealer to a ‘dual rate’ dealer where she can step up into a Supervisor role during a shift depending on customer demand and business needs.

Pam is a natural leader and has an innate passion for SkyCity’s customers. She has completed training on facial recognition technology, a key part of SkyCity’s host responsibility framework.

Pam has made lifelong friends at SkyCity and, prior to the COVID-19 pandemic, often travelled to SkyCity Queenstown to serve as a dealer for our International Business customers. Working at SkyCity has enabled her to raise her family and has provided many opportunities to learn and develop new skills.



Inspire our people

A great place to work where our people are empowered to grow and achieve.

Our People

As a major employer with over 4,200 staff, we know that taking care of our people is the key to creating a great place to work.

We are committed to providing our employees with sustainable career paths at SkyCity and want our staff to grow their careers with us.

Priority Issues

- Employee engagement
- Meaningful career and development pathways
- Diversity, inclusion and belonging
- Health, safety and wellbeing

Key Stakeholders

- Employees (existing, former and potential)
- Union representatives
- Ministry of Business, Innovation and Employment
- Ministry of Social Development
- Ministry of Health
- Department of Education, Skills and Employment
- Accident Compensation Corporation
- WorkSafe NZ
- SafeWork SA
- ReturnToWorkSA
- Immigration New Zealand
- Women's Refuge
- Women in Gaming and Hospitality Australasia
- Gender Tick
- Rainbow Tick
- Southern Cross Healthcare

FY21 Performance Highlights

- Awarded the Diversity and Inclusion Leadership Award at the 2020 Deloitte Top 200 Awards and the Diversity and Inclusion Award at the 2021 NZ HR Awards for Project Nikau, SkyCity's pathway to employment programme for vulnerable young people targeting Māori and Pasifika
- Made a commitment to contribute to eliminating period poverty by providing free sanitary products to all employees - with the initial pilot phase rolled out in New Zealand in May 2021
- Achieved Gender Tick and Rainbow Tick reaccreditation
- 80% of our employees participated in our Speak Up employee engagement survey - with an engagement score of 85% favourable achieved

FY21 Key Challenges

- No face-to-face leadership development programmes were delivered due to the disruption from COVID-19. Instead, personalised talent development conversations and bespoke interventions were deployed where appropriate
- Project Nikau was put on hold during the first half of the year due to the limited opportunity to hire new staff following the COVID-19 related impacts on the New Zealand business
- SkyCity's Australian and New Zealand operations have faced very constrained candidate markets due to the border closures, making it challenging to fill vacant roles
- Providing increased support for employee mental health and wellbeing as employees cope with the challenges and uncertainty that has been a feature of the past year with the impact of COVID-19

FY22 Focus Areas

- Strengthening SkyCity's commitment to Iwi relationships and improving our understanding of Te Ao Māori, Te Reo Māori and tikanga in New Zealand whilst contributing to employment opportunities for indigenous peoples in Australia
- Providing support to employees to strengthen mental health and wellbeing
- Using the insights gained from our Speak Up employee engagement survey to further enhance employee engagement

At SkyCity, we aim to create an environment where our people are at the centre and ensure that our staff can work safely, are motivated to work hard, progress in their careers, and have the tools and knowledge they need to look after both themselves and our customers.

Employee Engagement and Developing Meaningful Career Pathways

With a large and diverse workforce, SkyCity is recognised for taking a lead in staff development and care. Our vision is to be a centre of expertise that delivers high value learning and development solutions for staff which contribute to the achievement of our business priorities.

We have an advanced set of priorities and programmes in place across our sites to achieve our goal of being a great place to work where our people are empowered to grow and to achieve. To ensure that these programmes remain effective and relevant, we regularly review the effectiveness of the programmes, in terms of both interest and sustained impact, and make refinements as required. New programmes are also trialled and introduced where appropriate. We regularly seek advice from staff on how to remove barriers to participation (such as release time) and introduce better incentives for participation.

Speak Up Employee Engagement Survey

Our Speak Up survey is a biennial Group-wide employee engagement survey – the purpose of which is to understand employee engagement and to prioritise Group-wide initiatives to maintain and improve employee engagement. Employee engagement is defined as the levels of enthusiasm and connection employees have with SkyCity – it is a measure of how motivated people are to put in discretionary effort for SkyCity and a sign of how committed they are to stay.

Our most recent Speak Up survey was completed in April 2021, with 80% of employees responding to the survey (up seven points on 2019). Pleasingly, we achieved an engagement score of 85% favourable

(up one point on 2019) – meaning that, on average, 85% of SkyCity employees answered that they either “agreed” or “strongly agreed” with nine engagement specific questions.

To maintain and improve employee engagement, the survey results support continued investment in diversity, inclusion and belonging, our role in the communities we operate in, living our values, and health and safety. The results also suggest opportunity for improvement in ensuring people feel recognised for a good job, change management at a team level, scheduling and staffing, and providing feedback to improve performance.

Tahuna Te Ahi – Ignite the Fire

Recognising the special standing of Māori as tangata whenua and the indigenous people of Aotearoa, SkyCity launched Tahuna Te Ahi, a tailored programme developed by New Zealand company Indigenous Growth Limited, for our New Zealand-based employees in 2018. The programme provides accelerated leadership development specifically for Māori employees in addition to implementing initiatives which elevate the standing of Māori at SkyCity more broadly. The programme connects people to indigenous values and culture while at the same time giving them the tools to incorporate their culture into a business environment.

SkyCity was awarded the 2018 Deloitte Top 200 Diversity and Inclusion Leadership Award for the programme in November 2018 and was named as a Platinum winner in the ‘Best Learning & Development Project – Leadership Capability’ category at the 2019 LearnX Asia Pacific Awards for the programme in June 2019.

15 employees commenced the Tahuna Te Ahi programme during the last financial year.

Health, Safety and Wellbeing

At SkyCity, our people are paramount to the success of our business. Ensuring we take care of our people at work allows them to provide our guests with a safe and enjoyable experience. Our character and culture goal is to provide a great and safe place to work.

Health and Safety

Over the last financial year, our primary objective has been to keep our people and guests safe from COVID-19 and support Government initiatives to minimise the risk of COVID-19 in our communities. We have implemented extensive processes to plan, manage and review our COVID-19 health management response.

We also continued to implement initiatives to achieve the strategic goals outlined in our FY19-21 Group Health and Safety Strategy (adopted in 2018), which has allowed us to develop strong foundations for sustainable safety change. Our Group Health and Safety Strategy for FY19-21 centres around the mission “Prevent Harm and Build Wellness” and the following four goals:

- **Industry leading safety culture** – we will create a positive safety culture for our workers and guests with a strong emphasis on genuine and visible leadership and active engagement of our workers;

- **Effective risk management** – we will focus on our critical risks, ensuring we have sufficient risk mitigation strategies in place to prevent fatal or serious harm;
- **Sustainable systems and processes** – we will create a contemporary and resilient approach to the management and improvement of health and safety; and
- **Health and wellbeing** – we will adopt a risk-based approach to health and wellbeing, including programmes to reduce physical and psychosocial risks to our workers.



FY21 Health and Safety Scorecard

Indicator	Target	FY21 Performance
Safety Success Indicator 1	Zero fatalities or life altering injuries	✓ Achieved – no fatalities or life altering injuries
Safety Success Indicator 2	Reduce Total Recordable Incident Frequency Rate (TRIFR) by 10% from the FY20 baseline	Not achieved – increased by 23.36%
Safety Success Indicator 3	Increase hazard reports by 10% from the FY20 baseline	Not achieved – increased by 3.22%

The final TRIFR and hazard reporting results were significantly impacted by the COVID-19 disruptions and closures, which significantly reduced the total number of hours worked.

GOAL 1 Industry Leading Safety Culture	GOAL 2 Effective Risk Management	GOAL 3 Sustainable Systems and Processes	GOAL 4 Health and Wellbeing
Key Achievements (FY19-21)  Active and Visible Safety Leadership <ul style="list-style-type: none"> All leaders have mandatory health and safety targets. Targets are cascaded based on responsibility Interactive dashboards are available to leaders providing a snapshot of health and safety performance Health and safety communications plans developed and regularly reviewed 	Key Achievements (FY19-21)  Effective Risk Management <ul style="list-style-type: none"> Establishment of divisional risk registers – owned and managed by the business owner Significant investment in higher level risk controls of our critical risks aimed at removing dependencies on low level controls Introduction of safety assurance programme over all construction and development activities 	Key Achievements (FY19-21)  Compliant Health and Safety Management System <ul style="list-style-type: none"> Safety management systems audited against ACC and Australian standards – achieving 3 successful audit results Design and deployment of new Health and Safety Management software creating single point for health and safety activities and performance Significant increases in reported incidents through driving changes to reporting behaviours 	Key Achievements (FY19-21)  Occupational Health Prevention of Illness <ul style="list-style-type: none"> Extensive surveys of our noise risks to prevent hearing loss related injuries Improvements to the management of processes involving biological risks (cooling towers, swimming pools and air quality) Visual ergonomic risk assessments to reduce risk of fatigue in CCTV control rooms
 Positive Safety Culture <ul style="list-style-type: none"> Introduction of safety leadership walks for leaders and the Board Established the annual Chairman's Health and Safety Award for Safety Excellence and Innovation 	 Reduce Low Consequence High Frequency (LCHF) Events <ul style="list-style-type: none"> Deployment of an online management system for all operations A focus on flooring upgrades to slip and trip hazard areas Rollout of sit/stand workstations to our administrative divisions Introduction of a fit for work programme at our Adelaide property 	 Learning and Improvement <ul style="list-style-type: none"> Refined and simplified induction training to focus on the basics Rolled out new training programmes with the use of new technology (including fire simulators and VR learning) Celebrated World Day for Safety at Work with onsite information days 	 Wellness – Promotion Of Healthier Bodies <ul style="list-style-type: none"> Wellness initiatives and promotions to continue improving our peoples' health Over 400 individual physical health checks as part of our wellbeing programme Over 2,000 vaccinations delivered as part of the Group-wide vaccination programme

Employee Wellbeing

SkyCity has programmes in place to promote healthy behaviours and personal responsibility for mental and physical health. The programmes aim to promote healthy lifestyles, increase physical activity, reduce absenteeism and improve productivity.

In response to the COVID-19 pandemic, SkyCity has established a specialist Health and Hygiene team to provide staff with up-to-date information on the global pandemic, support in dealing with anxiety and stress relating to the pandemic, and training and awareness on health management relating to the pandemic. Following periods of lockdown, we also focused on physical and mental health work conditioning. These programmes were aimed at minimising harm in an environment involving significant disruptions to our operations.

Over the last financial year, we also:

- launched a physical health check programme where employees can participate in a 30 minute health consultation with a nurse – with over 400 health checks being carried out to date;
- conducted a 'People Pulse Survey' on mental health and wellbeing with 700 employees responding to the survey. The results identified that our people leaders wanted more training on how to support employees, and employees wanted more information on personal coping skills for stress management. In response to this feedback, EAP Services delivered 15 workshops to 146 managers on how to support better mental health outcomes for employees; and
- supported the World Day for Safety and Health at Work by hosting a special event in partnership with the NZ Business Leaders Health & Safety Forum in Auckland. To coincide with this day, a pocket guide on 'How to have a conversation about Mental Health' was launched. This guide is based on the NZ Mental Health Foundation's work and is designed to empower our people to have safe conversations and be able to identify certain behaviours, approaching colleagues with empathy and a willingness to listen.

As part of SkyCity's wellness programme, all SkyCity employees are invited to receive a free flu vaccination. This service is offered annually to employees onsite at the beginning of the flu season to ensure all staff have easy access to the vaccinations. Around 600 vaccinations have been delivered in 2021.

Staff Support Programmes

SkyCity has a range of services designed to assist employees who may need a helping hand.

At our Auckland and Hamilton sites, SkyCity offers confidential help and advice for SkyCity employees – for work issues and situations outside of work. They offer advice about practical and effective ways to handle difficult or sensitive issues and, where appropriate, assist employees in working with agencies outside of SkyCity who may be able to help.

The Group-wide Employee Assistance Programme (delivered via EAP Services) is a supportive and confidential programme designed to assist SkyCity employees who may have problems that affect them at work – advice and support is available 24 hours a day, seven days a week, from trained professional counsellors who can help staff with their problems.

SkyCity also provides emergency financial assistance for employees suffering financial hardship. This help can include budgeting advice, and last resort financial help through a 'SMILE' loan to New Zealand-based staff who qualify for support.

Employee Hardship Fund

Like many other businesses, the COVID-19 pandemic has adversely impacted SkyCity's business and operations and necessitated significant changes across the SkyCity business from March/April 2020, including significantly reducing capital expenditure, minimising operating costs and restructuring SkyCity's workforce.

In April 2020, the SkyCity Employee Hardship Fund was established to initially assist SkyCity's departing employees in New Zealand who found themselves in financial difficulties that could not fully be addressed by their redundancy payments. The Fund was established using funds contributed by the Senior Leadership Team and other senior executives across the business via voluntary reductions in their salaries from 1 April – 30 June 2020 and from voluntarily contributions by other staff members. As at 30 June 2021, a total of \$223,407 had been granted (with no obligation for repayment) to 123 affected employees.

Healthcare

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

Diversity, Inclusion and Belonging

We have a strong representation of minority groups at SkyCity who are often underrepresented at leadership levels in the workforce. Encouraging diversity of thought in our workforce, and in leadership roles in particular, allows us to strategically reflect our diverse customer base and draw people with different backgrounds to our business. We believe this diversity of thought offers an opportunity to enhance SkyCity's competitive advantage and provide long term sustainable business success.

We value and respect the contributions, ideas and experiences of people from all backgrounds and are committed to an inclusive workplace that enhances and promotes workplace diversity across the business. We are committed to providing opportunities and initiatives that assist all to reach their potential, and regularly benchmark and report on our diversity position, policy and objectives.

SkyCity's Diversity and Inclusion Policy (available in the Governance section of the company's website at www.skycityentertainmentgroup.com) provides a framework for the company's current and future diversity and inclusion initiatives. Each year, the SkyCity Board sets measurable objectives to promote diversity and inclusion. The measurable objectives set by the Board for the financial year ending 30 June 2022 are to:

- continue to ensure strong female candidates are identified in the recruitment process for all Board and senior executive roles;

- maintain a gender balance across the population of employees who make up the top four levels of the organisation hierarchy;
- continue to review gender and ethnic pay equality and deliver an organisation-wide programme that removes any risk of bias or inequality;
- leverage and grow diverse talent pools to develop a more ethnically diverse leadership population;
- maintain certification with specialist organisations who represent minority groups within the SkyCity workforce (for example Rainbow Tick) to reiterate our commitment to, and support of, these minority groups' interests;
- build the capability of all leaders in understanding and leveraging diversity of thought through ensuring appropriate learning and development solutions are delivered;
- continue to work with a panel of advisors and experts to provide informed perspectives and guidance to the Chief Executive Officer and Inclusion Council on diversity and inclusion matters; and
- continue to provide support and education to employees and managers to promote mental health awareness and wellbeing.

Gender Composition

Over the last financial year, SkyCity has challenged itself to increase female representation, particularly in senior leadership roles, and has maintained a gender balance across the top four levels of the organisation. This has been driven by initiatives which support the development of our female talent pipeline and by ensuring strong female candidates are identified in the recruitment process for all executive roles and any systemic bias in recruitment, development and promotion processes are removed.



The gender composition of SkyCity's directors, officers, senior executives and total workforce as at 30 June 2021 and, comparatively as at 30 June 2020, is set out below:

2021	Female		Male		Total
	Number	%	Number	%	
Directors	3	43%	4	57%	7
Officers	4	50%	4	50%	8
Senior Executives	5	45%	6	55%	11
Total Workforce	2,082	49%	2,167	51%	4,249

2020	Female		Male		Total
	Number	%	Number	%	
Directors	2	40%	3	60%	5
Officers	3	43%	4	57%	7
Senior Executives	4	40%	6	60%	10
Total Workforce	1,832	48%	1,980	52%	3,812

In the above tables:

- 'officers' are the Chief Executive Officer and those directly reporting to the Chief Executive Officer, other than the Executive Assistant;
- 'senior executives' are, with the exception of the Chief Executive Officer, those who hold a strategic position (as determined by the People and Culture Committee from time to time); and
- the 'total workforce' number does not include those who identify as gender diverse and those who elected not to identify as being female, male or gender diverse.

Inclusion Council

In 2019, a SkyCity Inclusion Council was established to support the embedding of an authentic and inclusive culture within SkyCity Auckland. The Council is made up of Employee Resource Groups whose purpose is to bring to life SkyCity's diversity and inclusion objectives. The Employee Resource Groups sit on a forum to discuss priorities and proposed actions with senior leadership on a quarterly basis. The five core Employee Resource Groups are Women in Leadership, NZ Asian Leaders, SkyCity Pride, Pasifika Leaders and Te Roopū Māori o SkyCity. The leaders of the Employee Resource Groups bring together their respective communities, confirming their priorities and work together to drive initiatives that impact the groups they represent.

Te Roopū Māori o SkyCity continues to provide a significant amount of support and guidance to SkyCity management, and the broader workforce, with the aim of delivering better outcomes for Māori. In September 2020, the Roopū celebrated Te Wiki o Te Reo (Māori language week) with the delivery of an online te reo Māori lesson to SkyCity employees and, in association with Te Taura Whiri i te Reo Māori (the Māori Language Commission), projected a hei tiki on the Sky Tower – which received recognition as a stand-out moment from

Te Taura Whiri i te Reo Māori. Te Roopū Māori o SkyCity has also supported cultural elements of SkyCity events over the last financial year, including the official pōwhiri for Michael Ahearne into the role of Chief Executive Officer and Matariki celebrations, launched a new Te Roopū Māori o SkyCity logo and established an employee whānau room.

In the last financial year, a SkyCity Inclusion Council was also established in SkyCity Adelaide with three core Employee Resource Groups - Women in Leadership, LGBTTIQA+ and Disability/Ability.

Eliminating Period Poverty

With our ongoing focus on gender equality and inclusion, one key area SkyCity has identified where it can make a difference is the elimination of period poverty by removing one of the barriers to women participating in work with the same conveniences as their male colleagues. Period poverty is when someone cannot access the menstrual products (such as pads, tampons or cups) they need for their period. There are many barriers to access - the biggest is usually cost. Other barriers include convenience (being caught short) absence of basic equipment (such as sanitary bins), different cultural beliefs and community stigma.

Since May 2021, we have provided free sanitary products in all female and gender-neutral employee bathrooms across the SkyCity properties in New Zealand to ensure that our female employees feel empowered and engaged to come to work and perform their very best without facing any barriers or being inconvenienced. SkyCity Adelaide has provided free sanitary products in all female employee bathrooms from July 2021.

Supporting Our Rainbow Community

SkyCity has maintained a Rainbow Tick for its Auckland and Hamilton properties for a sixth year, and our Queenstown site was awarded the Pride Pledge in 2020. Being a Rainbow Tick employer means SkyCity has been acknowledged as being a safe, supportive and welcoming workplace where employees can bring their whole selves to work without fear of discrimination or disadvantage – no matter what their gender identity or sexual orientation.

SkyCity is committed to continually improving and working with the feedback received from Rainbow Tick to find ways we can further support our SkyCity rainbow community.

Through the Inclusion Council at SkyCity Auckland, the SkyCity Pride Employee Resource Group has driven a range of initiatives through Pride Week and celebrated Wear It Purple Day, an awareness day specifically for young people who identify as LGBTTIQA+ and IDAHOBIT Day, the International Day against Homophobia, Biphobia and Transphobia.

Our Adelaide site maintained its Pride in Diversity programme membership, which reiterates our commitment to our lesbian, gay, bi-sexual, trans-sexual and intersex Australian-based staff.

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

Gender Tick

In April 2019, SkyCity was awarded the Gender Tick in recognition of its commitment to providing a fair workplace for all employees. The Gender Tick was reconfirmed in June 2020 and July 2021.

Gender Tick is a New Zealand-based accreditation for businesses to demonstrate their commitment to gender equality in the workplace. The programme assesses organisations across five key indicators, including gender inclusive culture, flexibility and leave, women in leadership, gender pay equality and ensuring a safe workplace.

Pay Equality

SkyCity continues to monitor and report on remuneration outcomes by gender to ensure pay equality.

In the last financial year, SkyCity also conducted gender pay equality analysis for like positions (being positions with similar degrees of know-how, problem solving and accountability). This analysis identified that there are no indications of gender bias across similar positions.

We remain focused on increasing the representation of women in senior roles across the business through a gender balanced talent pipeline. These initiatives, in addition to a strategy deployed over the past three years to lift the hourly wage rate of SkyCity's lowest paid staff, has contributed to a reduction to SkyCity's gender pay gap in New Zealand. While our Australian gender pay gap remains well below the Australian National Gender Pay Gap, the changes to our Australian business over the financial year ended 30 June 2021 have seen a significant increase to our Australian gender pay gap. We are undertaking extensive root cause analysis on this change in Australia and remain committed to reducing both our Australian and New Zealand gender pay gaps. We are developing further enhancements to our pay transparency approach and believe this will have a positive impact on our gender pay gap across Australia and New Zealand.

In the last financial year, SkyCity conducted an ethnic pay gap analysis for the first time. As part of this, and to ensure our data and insights accurately reflect our workforce and continue to inform our priorities, we commenced a programme to increase employee ethnicity data capture which resulted in an increase in data capture from 60% of SkyCity's workforce to 83% (excluding individuals who elected 'prefer not to say').

The following table illustrates the SkyCity gender pay gap as at 30 June 2021 and as a comparison against the prior periods and the respective national gender pay gaps:

	New Zealand		Australia	
	SkyCity Gender Pay Gap (as at 30 June)	National Gender Pay Gap	SkyCity Gender Pay Gap (as at 30 June)	National Gender Pay Gap
2021	6.9%	9.5% (August 2020)	6.1%	13.4% (November 2020)
2020	7.5%	9.3% (August 2019)	1.5%	13.9% (November 2019)
2019	8.2%	9.2% (August 2018)	1.5%	14.1% (November 2018)

Percentage difference between the median hourly rate for women compared to the median hourly rate for men as at 30 June 2020. Includes permanent and temporary employees.

The following table illustrates the SkyCity ethnic pay gap as at 30 June 2021:

	New Zealand	
	SkyCity Ethnic Pay Gap as compared to Pakeha Men (as at 30 June 2021)	National Ethnic Pay Gap*
Pakeha Women	7.9%	11.9%
Māori Women	18.9%	22.0%
Pacific Women	16.6%	25.4%
Asian Women	11.3%	19.0%

*The New Zealand Household Labour Force Survey pay gaps (to Pakeha men) as at 30 June 2020.

	Australia	
	SkyCity Ethnic Pay Gap as compared to European Men (as at 30 June 2021)	
European	2.0%	
Asian Women	13.3%	



Women in Gaming and Hospitality Australasia

SkyCity is a Platinum Partner of Women in Gaming and Hospitality Australasia. SkyCity's partnership broadened the industry body's reach into New Zealand and Adelaide.

Women in Gaming and Hospitality Australasia is dedicated to achieving an inclusive industry and promoting gender equitable outcomes in the workplace. Its purpose is to achieve an inclusive industry and promote positive outcomes for women in the gaming, hospitality and gaming related industries by encouraging the development and success of women through education, mentorship and networking opportunities and providing tools and support for organisations wishing to develop or enhance their gender diversity and inclusion initiatives – all of which aligns strongly with SkyCity's values.

Performance Against FY21 Board Diversity and Inclusion Objectives

SkyCity performed well against the measurable objectives set by the Board to promote diversity and inclusion for the financial year ended 30 June 2021:

Objective	Progress Made
Continue to ensure strong female candidates are identified in the recruitment process for all Board and senior executive roles	<p>Recruitment briefs for the Board recruitment process during the past financial year explicitly specified that SkyCity required female candidates to be identified wherever possible.</p> <p>In the past financial year, three new Board members have been appointed, one of whom is female. This brings our total gender composition for the Board to 43% female and 57% male.</p> <p>Recruitment briefs for the senior leadership recruitment process explicitly specified that SkyCity required female candidates to be identified wherever possible.</p> <p>In the past financial year, six senior executive appointments have been made, four of which were internal and two external. Whilst the four internal appointments are male, both external appointments are female – bringing SkyCity's 'Senior Executive' gender composition to 45% female and 55% male and 'Officer' gender composition to 50% female and 50% male, where:</p> <ul style="list-style-type: none"> 'Senior Executives' are, with the exception of the Chief Executive Officer, those who hold a strategic position (as determined by the People and Culture Committee from time to time); and 'Officers' are the Chief Executive Officer and those directly reporting to the Chief Executive Officer, other than the Executive Assistant.
Maintain a gender balance across the population of employees who make up the top four levels of the organisation hierarchy	<p>During the past financial year, gender balance has been maintained across the top four levels of the organisation hierarchy with 46% of employees being female and 54% being male, demonstrating a balanced gender representation in our talent pipeline.</p>
Continue to review gender pay equality and deliver an organisation-wide programme that removes any risk of bias or inequality	<p>SkyCity continues to monitor and report on remuneration outcomes by gender to ensure pay equality.</p> <p>SkyCity also conducted gender pay equality analysis for like positions, positions with similar degrees of know-how, problem solving and accountability. This analysis identified that there are no indications of gender bias across similar positions.</p> <p>While our analysis has identified no evidence of a gender driven pay gap for like positions, we remain focused on increasing the representation of women in senior roles across the business through a gender balanced talent pipeline.</p> <p>SkyCity's New Zealand overall gender pay gap decreased to 6.9% (at 30 June 2021) from 7.5% (at 30 June 2020).</p> <p>SkyCity's Australian overall gender pay gap increased to 6.1% (at 30 June 2021) from 1.5% (at 30 June 2020).</p>

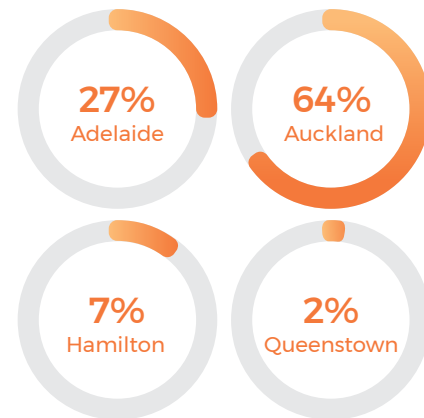
Objective	Progress Made
Leverage and grow diverse talent pools to develop a more ethnically diverse leadership population	<p>Several initiatives were delivered during the past financial year with the objective of developing a more ethnically diverse leadership population:</p> <ul style="list-style-type: none"> SkyCity continued to offer its Māori leadership programme, Tahuna te Ahi, in partnership with Indigenous Growth Limited; SkyCity continued as a major partner of TupuToa, hosting four summer interns for three months within our corporate business, two of whom have been appointed to permanent positions; and SkyCity continued its sponsorship of the New Zealand Asian Leaders Forum.
Maintain certification with specialist organisations who represent minority groups within the SkyCity workforce (for example Rainbow Tick) to reiterate our commitment to and support of these minority groups' interests	<p>Rainbow Tick certification was achieved for our Auckland and Hamilton sites, and our Queenstown site was awarded the Pride Pledge.</p> <p>Our Adelaide property maintained its Pride in Diversity membership.</p> <p>SkyCity New Zealand sites achieved reaccreditation of Gender Tick, an accreditation for businesses to demonstrate their commitment to and progress for gender equality.</p>
Build the capability of all leaders in understanding and leveraging diversity of thought through ensuring appropriate learning and development solutions are delivered	<p>The SkyCity Inclusion Council continued to encourage employee-led initiatives and provide strong executive visibility and sponsorship across the New Zealand properties. Five core groups continue to be represented, including Women in Leadership, NZ Asian Leaders, SkyCity Pride, Pasifika Village and Te Roopū Māori o SkyCity.</p> <p>SkyCity Adelaide has launched an Inclusion Council, which replicates the model already established in New Zealand, with three core groups represented, including Women in Leadership, LGBTTIQA+ and Disability/Ability.</p> <p>SkyCity Adelaide has launched online learning modules for people leaders to build understanding of diversity and inclusion and unconscious bias and provide suggested actions to remove bias.</p>
Identify and appoint an advisory panel to provide informed perspectives and guidance to the Chief Executive Officer and Inclusion Council on diversity and inclusion matters	<p>SkyCity conducted an employee 'Pulse Check' on mental health and wellbeing, which identified that people leaders were seeking more training on how to support employees and employees were seeking more information on personal coping skills for stress management.</p> <p>SkyCity partnered with EAP Services to deliver workshops to people leaders building greater awareness of mental health and wellbeing and launched a range of tools and executive team sponsorship as part of Mental Health Awareness week.</p> <p>SkyCity supported the World Day for Safety and Health at Work by hosting a special event in partnership with the NZ Business Leaders Health & Safety Forum in Auckland. To coincide with this day, a pocket guide on 'How to have a conversation about Mental Health' was launched. The guide is based on the NZ Mental Health Foundation's work and is designed to empower our people to identify certain behaviours, approaching colleagues with empathy and a willingness to listen.</p>
Continue to provide support and education to employees and managers to promote mental health awareness and wellbeing	<p>A number of specialists have been engaged to provide perspectives and guidance to both management and Employee Resource Groups from the Inclusion Council, with a focus on building cultural understanding and competence.</p>

Our Staff Numbers

Worked Full-Time Equivalent (FTE)* by Site

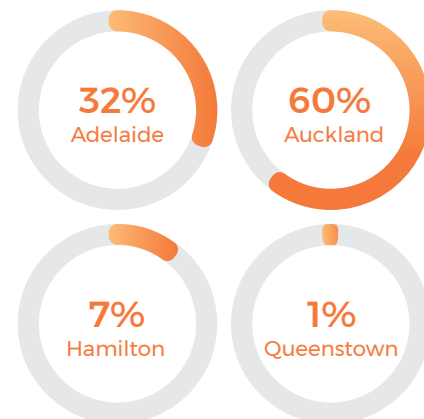
Site	Number of Employees		%	
	FY21	FY20	FY21	FY20
Adelaide	733	616	27%	24%
Auckland	1,726	1,696	64%	67%
Hamilton	185	179	7%	7%
Queenstown	43	38	2%	2%
Total	2,687	2,529	100%	100%

*The FTE calculation is based on actual hours worked by staff, not contracted hours. This definition provides a more accurate assessment of full-time equivalent staff.



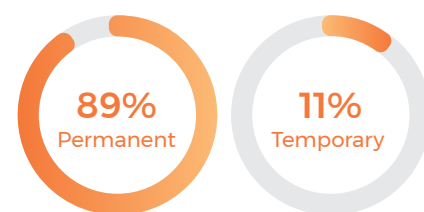
Total Headcount for Group

Site	Number of Staff		%	
	FY21	FY20	FY21	FY20
Adelaide	1,346	1,059	32%	28%
Auckland	2,562	2,414	60%	63%
Hamilton	293	290	7%	8%
Queenstown	58	54	1%	1%
Group Total	4,259	3,817	100%	100%



Employment Contract Type for Group

Contract Type	Number of Employees		%	
	FY21	FY20	FY21	FY20
Permanent	3,784	3,462	89%	91%
Temporary	475	355	11%	9%
Group Total	4,259	3,817	100%	100%



Employment Contract Type by Gender

Contract type	Female		Gender Diverse		Male		Group Total	
	FY21	FY20	FY21	FY20	FY21	FY20	FY21	FY20
Permanent	89%	91%	100%	100%	88%	90%	89%	91%
Temporary	11%	9%	0%	0%	12%	10%	11%	9%

Employment Contract Type by Site

Contract type	Adelaide		Auckland		Hamilton		Queenstown	
	FY21	FY20	FY21	FY20	FY21	FY20	FY21	FY20
Permanent	68%	72%	98%	98%	100%	99%	100%	100%
Temporary*	32%	28%	2%	2%	0%	1%	0%	0%

*Adelaide defines casual employees as temporary whereas the New Zealand sites define employees with a fixed end date as temporary.

Employment Type by Gender

Contract type	Female		Gender Diverse		Male		Group Total	
	FY21	FY20	FY21	FY20	FY21	FY20	FY21	FY20
Full-Time	49%	54%	50%	25%	60%	62%	54%	58%
On Demand	21%	20%	33%	50%	18%	17%	20%	19%
Part-Time	30%	26%	17%	25%	22%	21%	26%	23%

Employees in Collective Agreements by Site

Contract type	Adelaide		Auckland		Hamilton		Queenstown		Group Total*	
	FY21	FY20	FY21	FY20	FY21	FY20	FY21	FY20	FY21	FY20
Yes	77%	74%	20%	26%	3%	4%	0%	0%	37%	37%
No	23%	26%	80%	74%	97%	96%	100%	100%	63%	63%

*Group total percentages are weighted proportionately based on site Worked FTE.

Employee Absenteeism*

Contract type	Adelaide		Auckland		Hamilton		Queenstown		Group Total**	
	FY21	FY20	FY21	FY20	FY21	FY20	FY21	FY20	FY21	FY20
Absenteeism	4.06%	3.08%	3.76%	3.95%	3.62%	3.09%	2.32%	1.83%	3.78%	3.70%

*As a percentage of scheduled days.

**Group total percentages are weighted proportionately based on site Worked FTE.



Grow our communities

Serve a social purpose by investing in our local economies and communities.

Our Communities

Our aim is to create value in our business and in the communities in which we operate.

We understand that to do this we need to engage meaningfully with our communities, listen to their critical needs and expectations, and respond through developing meaningful community partnerships and by taking action to address key issues in our operations.

Priority Issues

- Economic contribution
- Building communities by developing people
- Investing in our communities
- Developing deeper connections with Iwi and indigenous peoples

Key Stakeholders

- Community groups
- Sponsorship partners, including Leukaemia & Blood Cancer New Zealand and Variety – The Children's Charity
- Community partnerships
- Recipients of SkyCity Community Trust grants
- Philanthropy New Zealand
- Local Iwi
- Ministry of Social Development
- Te Puni Kōkiri
- TupuToa
- First Foundation

FY21 Performance Highlights

- In our Speak Up employee engagement survey, employees rated "being proud of the role SkyCity plays in the community" as a key driver of engagement
- The Firefighter Sky Tower Stair Challenge raised over \$2.2 million for Leukaemia and Blood Cancer New Zealand across the two events held in FY21 (including the postponed 2020 event)
- SkyCity Hamilton continued its support of women's sport by sponsoring women's cricket team, the Northern Spirit, and netball team, Waikato Bay of Plenty Magic
- SkyCity contributed a total of \$4.1 million to the four SkyCity Community Trusts for distribution to community groups and organisations in the Auckland, Waikato and Queenstown Lakes regions
- Seven Project Nikau cadets were employed at SkyCity Auckland

FY21 Key Challenges

- Onboarding new Trustees for the SkyCity Community Trusts, developing a new funding strategy and communicating this to our communities
- Due to COVID-19 related business disruption, there were limited opportunities to employ Project Nikau rangatahi (young people) in the first half of the year

FY22 Focus Areas

- Project Nikau has a target of employing, developing and retaining 100 rangatahi over the next three years, moving from a pilot programme to an integral part of SkyCity's recruitment and retention strategy, with continued focus on Māori and Pasifika from the "Not in Employment, Education or Training" cohort
- SkyCity will continue to deepen its relationships with indigenous peoples in New Zealand and Australia with a formal Te ao Māori advisory agreement in place with Ngāti Whātua Ōrakei in New Zealand and support to Career Trackers, an organisation which supports pathways for indigenous university graduates into corporate internships in Adelaide

SkyCity is a cornerstone of each of the communities in which it operates. We understand that our scope for influence and change is huge, and SkyCity invests in and works to develop our communities in a variety of ways.

Engaging with our stakeholders helps us to understand community attitudes toward SkyCity, the communities' expectations of us, and how stakeholders believe SkyCity should create value. SkyCity engages with stakeholders in a variety of ways, both formal and informal, in each of the communities in which it operates. These actions range from legally required engagement with regulators to less formal feedback mechanisms such as social media, customer surveys and public perception monitoring.

Whilst it is easy for organisations to talk about inputs and outputs, such as how much money or 'in-kind' contributions are given to charity, the number of charities receiving support, or how many hours staff spend on volunteering for community projects, it is a more challenging exercise to determine the outcomes and impacts of those activities. We want to ensure that there is genuine and measurable social impact from our SkyCity Community Trusts and other charitable giving. We continue to review and assess our community investments and partnerships in a more holistic and strategic way, to ensure that they are aligned to our unique business assets and are ultimately delivering both social and business value.

Economic Contribution

Sourcing Locally

SkyCity is committed to sourcing locally. One of the intentions outlined in the SkyCity Group Procurement Policy is to source and procure locally made and supplied products from Australasian owned and operated businesses as a preference wherever possible.

In the financial year ended 30 June 2021, SkyCity spent approximately \$153 million on operational goods and services, the bulk of which was spent with local suppliers – with over \$33 million on food and beverage items across New Zealand and Australia.

Partnerships

Leukaemia & Blood Cancer New Zealand

Each year, firefighters from communities across New Zealand join forces to raise money for Leukaemia & Blood Cancer New Zealand (the national charity dedicated to supporting patients and their families living with blood cancers and related blood conditions) in the Firefighter Sky Tower Stair Challenge, with each participant climbing the 1,103 steps of the Sky Tower wearing 25 kilograms of gear.

SkyCity is proud to have Leukaemia & Blood Cancer New Zealand as a charity partner and to have worked together to raise more than \$2.2 million during the last financial year, and in excess of \$10 million over the 17 year partnership, through the Step Up and Firefighter Sky Tower Stair Challenges.

Variety – The Children's Charity

SkyCity has continued its 21-year partnership with Variety – The Children's Charity through delivering Variety Bingo in Auckland, Adelaide and Hamilton.

We are really proud of the partnership we have with Variety, and the support we can provide to continue the important work they do in our communities. Over the last financial year, SkyCity has worked with Variety – The Children's Charity to raise more than \$157,000, and in excess of \$4.7 million over the 21 year partnership.

The Cookie Project

The Cookie Project is an Auckland based social enterprise that creates ethical employment for people living with disabilities, ensuring their workers are paid at least the adult minimum wage.

Over the first year of our partnership, SkyCity purchased more than 15,000 cookies for our customers and internal teams, generating almost 200 hours of employment for disabled workers. During the current year, SkyCity has committed to more than doubling its order to 40,000 cookies, which will generate close to 500 hours of paid employment for people with disabilities.

Community Outcomes, Strategy and Progress

Building Communities by Developing People

During the 2018 financial year, after engaging with employees from across the SkyCity Group and community representatives (including the youth development, family support and financial capability sectors), SkyCity developed a new community development and investment strategy centred around a thematic approach of "Building Communities by Developing People". This approach recognises that SkyCity can provide employment opportunities for unskilled, unemployed youth at risk of poor employment outcomes within each of the communities within which it operates – we can provide employment, training and a career path.

During the 2019 financial year, SkyCity finalised the operational strategy across the SkyCity Group to deliver this new strategy with the launch of Project Nikau, a youth employment programme with a focus on developing work-ready skills. SkyCity worked in collaboration with Te Puni Kōkiri, the Ministry of Social Development and a community-based provider to design a work ready programme – with the first cohort of 15 cadets joining the SkyCity Auckland pilot programme in June 2019. Whilst the programme was not operational during the first half of the last financial year, since February 2021 seven cadets have been employed – bringing the total number of Project Nikau cadets employed to 19. SkyCity has designed and implemented a wraparound youth mentoring support for each cohort and, in partnership with Te Puni Kōkiri, has co-designed individualised learning and development plans for each cadet. SkyCity was awarded the Diversity and Inclusion Leadership award in the 2020 Deloitte Top 200 Awards in December 2020 and the Diversity and Inclusion Award at the 2021 NZ HR Awards in May 2021 for Project Nikau.

In addition, through collaboration with the SkyCity Auckland Community Trust, greater social impact has been achieved in the areas of youth advancement and development through the Trust's prioritisation of initiatives that support youth development, wellbeing and employability.

SkyCity committed to its fourth First Foundation Scholarship in 2021. Applications were open to dependents from the SkyCity employee network in New Zealand and were managed by the First Foundation, where strict criteria had to be met to ensure eligibility. The scholarship supports an academically talented student, from a low decile school and low-income family, through tertiary study.

We continue to be a major partner of TupuToa, an organisation focused on ensuring corporate New Zealand is representative of the country, by developing and empowering young Māori and Pasifika peoples and building the cultural capability of their partners. In the last financial year, SkyCity hosted four summer interns for three months within its corporate teams.

Developing Deeper Connections with Māori

Iwi Māori relationships have been initiated to support and guide Project Nikau, SkyCity's youth employment programme. Our partnership with Te Puni Kōkiri has enabled young Māori to access cadetships which support their transition into employment with SkyCity.

Through SkyCity's Inclusion Council, Te Roopū Māori o SkyCity (an internal Employee Resource Group) has been established to support authentic engagement with Māori staff. In addition, SkyCity formally engaged an experienced and licensed Māori translator to build our capability across our New Zealand sites and put in place a formal advisory agreement with Ngāti Whātua Ōrakei for the SkyCity Auckland property.

Investing in our Communities

SkyCity Community Trusts

Established to provide funds for community and charitable purposes, the SkyCity Community Trusts are one of the vehicles SkyCity uses to 'put something back' into the New Zealand communities in which the company operates. The SkyCity Auckland Community Trust, SkyCity Hamilton Community Trust, SkyCity Queenstown Casino Community Trust and SkyCity Wharf Casino Community Trust aim to help local and regional

organisations carry out community assistance and development work, focusing on supporting families to thrive and communities to prosper, with a specific focus on youth development.

SkyCity contributed a total of \$4.1 million to the four SkyCity Community Trusts for distribution to community groups and organisations in the Auckland, Waikato and Queenstown Lakes regions for the financial year ended 30 June 2021 - of which \$2.4 million was distributed by the Trusts in the financial year ended 30 June 2021.

Since establishing the first SkyCity Auckland Community Trust in 1996, SkyCity has awarded nearly 5,000 grants totalling over \$61.7 million to various community groups and organisations in New Zealand, large and small, through the four SkyCity Community Trusts.

SkyCity Community Trust Recipients in FY21

SkyCity Auckland Community Trust

Auckland City Mission
Auckland Sexual Abuse HELP Foundation
Christians Against Poverty New Zealand
Crescendo Trust of Aotearoa
EVLOCITY Limited
Far North Safer Community Council Society Incorporated
First Foundation
Glen Innes Family Centre Charitable Trust
Grandparents Raising Grandchildren Trust NZ
Great Potentials Foundation
InZone Education Foundation
Just Move Charitable Health Trust
Mad Ave Community Trust
Papatūānuku Kōkiri Marae
Ranui 135 Leadership Team
The Kindness Institute
The Lifewise Trust
The Middlemore Foundation for Health Innovation
The Rising Foundation Trust
The TYLA Trust (Turn Your Life Around)
TupuToa
Yes Disability Resource Centre Services Trust
Youth in Transition Charitable Trust
Youthline Auckland Charitable Trust
Zeal Education Trust

SkyCity Hamilton Community Trust

Diversity Counselling
Halo Charitable Trust
Hamilton Christian Nightshelter Trust
Mental Health Solutions Ltd - (Here 2 Help U)
Society of St Vincent de Paul Hamilton
The Serve
Waikato Environment Centre - (Kaivolution)

SkyCity Queenstown Community Trust

Alpine Community Development Trust - operating as Community Needs Wanaka
Mana Tāhuna
Queenstown Community Hub Trust
Wakatipu Community Foundation - Greatest Needs Fund



“Our rangatahi come to the programme with a low sense of self, minimal skills and experience.

They come through the programme realising that, despite their personal challenges, barriers and, for some, a generational cycle of unemployment, they have shown resilience, gained employability skills and developed a strong work history which sets them up well for the next phase of their life – be it progressing in their role, transitioning into another role or deciding to leave and study, which is all defined as success.”

**Lua Mika
Youth Development
and Employment**

Lua leads our Youth Development and Employment team and returned to SkyCity in 2019 as a Youth Mentor for Project Nikau after initially working at SkyCity as a Food and Beverage Stock Controller from 2002 to 2004.

Project Nikau is SkyCity's pathway to employment programme for youth with a focus on Māori and Pasifika. The programme was developed following a conversation that recognised youth employment was a significant challenge in the communities that SkyCity operates in, especially for Māori and Pasifika young people.

“Project Nikau has informed the business of an alternative approach when supporting and retaining our young Māori and Pasifika employees. A key component to supporting rangatahi (young people) at work is pastoral care during the initial phase of employment”, says Lua.

“In the two years that Project Nikau has been operating, SkyCity has shown a real commitment to youth pathways and embedding this focus into our recruitment process. Through our early learnings, and feedback from people leaders and rangatahi, we have a more blended approach when onboarding rangatahi. The collective support from across the business has contributed to the successful outcomes for Project Nikau - it has helped transform and shift mindsets over time.

The exciting part from a young person's lens is overcoming adversity during their journey and the pride and mana that comes from the realisation that they can do it. The transformation and growth I've seen in our existing Project Nikau rangatahi has far exceeded the narrative that we hear and read of so often that our disadvantaged youth are not worth the opportunities given to them and that they're just a product of their communities that are rife with poverty and crime”.

Lua is grateful for the opportunities to build strong connections with people in the business that have helped him to do what he does well - “the success of this programme has been a team effort right across SkyCity. Our values and culture are about people”.

Project Nikau has been recognised on a national level for its innovative approach to youth employment and is a testament to the work Lua and operational leaders have done to ensure the programme is embraced across SkyCity.



Sourcing responsibly

Source ethically and locally.

Our Suppliers

We can leverage our relationships with other organisations to promote positive outcomes in areas of impact such as anti-corruption, responsible political advocacy, fair competition and promoting social and environmental responsibility in our supply chain.

Priority Issues

- Ethical supply chain
- Low carbon supply chain
- Buy local and seasonal
- Connect to the circular economy
- Progress initiatives to eliminate modern slavery

Key Stakeholders

- Suppliers (existing and potential)
- EcoVadis

FY21 Performance Highlights

- Refined our sourcing strategy by developing clear definitions for what constitutes "local" in the context of our supplier and product classifications and embedded regular reporting of the top 100 suppliers at each SkyCity property around local procurement
- Reactivated the EcoVadis programme (after having been paused in FY20 due to COVID-19) and commenced the rollout of the programme across SkyCity's Australian suppliers
- The SkyCity Board approved a modern slavery statement in October 2020

FY21 Key Challenges

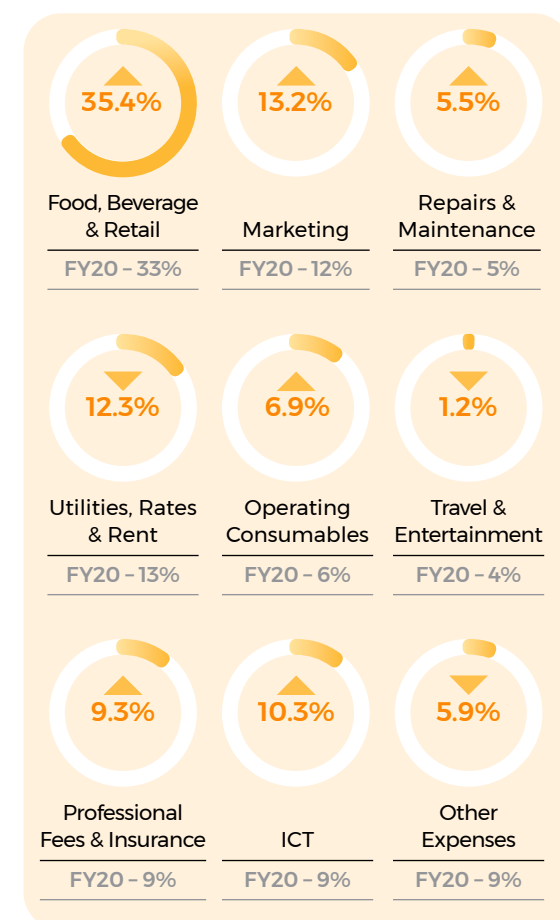
- Managing product sourcing and supply chain issues/challenges arising from the impacts of COVID-19, including mandated property closures
- Educating suppliers on SkyCity's Ethical Sourcing Code
- Given the complexity of SkyCity's supply chain, while we expect our suppliers to ensure that their suppliers have an ethical approach, it can be challenging to verify that an ethical supply chain is being maintained beyond first tier suppliers

FY22 Focus Areas

- Influencing our major suppliers to set science-based targets by 2023
- Testing specific international product supply chains to ensure products are being sourced ethically
- Strengthening our awareness of modern slavery risks and mitigations

SkyCity has approximately 600 key ongoing significant suppliers across the SkyCity Group, with a substantial number of these being in the food and beverage sector. As a major purchaser of goods and services (we spent over \$153 million with a vast array of suppliers of goods and services in the financial year ended 30 June 2021), SkyCity has a significant opportunity to use its purchasing power to drive sustainability. Our approach is to focus on the areas in which we can have the biggest impact in terms of minimising our carbon footprint and with respect to key vendors at high ongoing expenditure levels. These areas include food, beverage, property and marketing portfolios in particular.

Approximately \$153 million of the total spend (of over \$426 million in the financial year ended 30 June 2021) relates to operational goods and services – a breakdown of which is shown in the graphs below:



Ethical and Sustainable Sourcing Practices

Ethical Sourcing Code

In 2016, we adopted an Ethical Sourcing Code to improve our indirect impact on society and the environment by carefully selecting and working with our suppliers to ensure sustainable procurement. The Code outlines our alignment with the ten principles of the United Nations Global Compact, which are derived from the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention against Corruption.

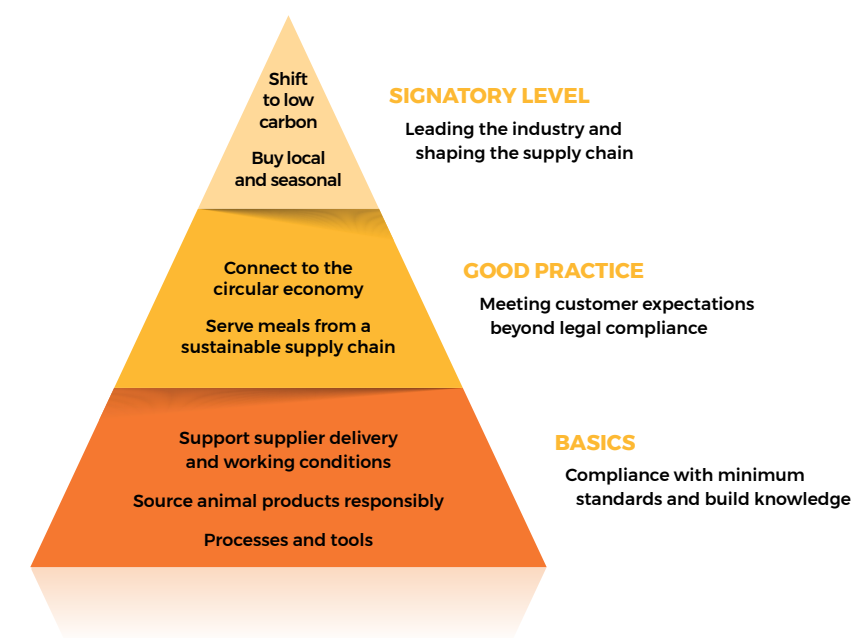
Whilst it is not a compliance measure in itself, SkyCity requests its suppliers to acknowledge our commitment to the principles of the Ethical Sourcing Code. Through distribution of our Ethical Sourcing Code, we aim to encourage our suppliers to improve their practices and to assist them in doing so, hence improving the quality of life of the people we touch indirectly and contributing to the protection of the environment.

Ethical and Responsible Sourcing Strategy

Our ethical and responsible sourcing strategy seeks to minimise negative impacts linked to our operational footprint and to make a positive contribution to the business, people and communities that make up our supply chain. As a significant player in Australasia's hospitality industry, SkyCity has an opportunity to promote responsible sourcing practices.

SkyCity's ethical sourcing strategy focus areas are outlined in the diagram overleaf.

The focus areas represent the impact and activity areas that SkyCity believes to be the most relevant to the business and supply chain. Each focus area is located within an ambition level which represents the level of positive impact that SkyCity seeks to achieve. For 'Basics' focus areas, SkyCity aims to establish a combination of minimum standards for the supply chain and pilot initiatives to gain knowledge. In 'Good practice' focus areas, SkyCity aims to focus on specific product and service categories where these focus areas are most significant. Finally, 'Signatory Level' focus areas are



where SkyCity intends to implement initiatives broadly across the SkyCity Group, thereby helping to positively influence its entire supply chain.

Supply Chain Transparency and Traceability

Sustainable Supply Chain

In September 2017, we commenced a sustainable supply chain assessment pilot initiative with 129 of our key suppliers in New Zealand. As part of this, we engaged an external provider, EcoVadis, to audit and rate our suppliers against an industry-tailored set of environmental, social and governance criteria and our suppliers were invited to complete a questionnaire and provide supporting evidence. Founded in 2007, EcoVadis has grown to become the world's largest provider of business sustainability ratings, creating a global network of more than 75,000 rated companies. Each supplier who completes the assessment receives a rating scorecard that shows areas where they are achieving good practice and areas where they may need to improve.

Participation in the EcoVadis assessment/audit process was initially encouraged – however, as supplier participation is central to SkyCity's ability to quantify its impact on the supply chain and execute its strategy for this pillar, the EcoVadis assessment/audit was made mandatory for SkyCity's significant existing suppliers and new suppliers during the 2019 financial year. During the 2020 financial year, we paused the EcoVadis assessment/audit for suppliers due to the impacts of COVID-19 but continued to actively use the information collected to date to improve the performance of existing suppliers. The EcoVadis

assessment/audit process recommenced during the 2021 financial year.

As at 30 June 2021, 71 suppliers to SkyCity's New Zealand properties representing over \$33 million of our total annual procurement spend had completed the EcoVadis assessment/audit process. Of SkyCity's \$20 million annual food and beverage procurement spend in New Zealand, 81% is captured under the EcoVadis process – an increase from 76% in the 2020 financial year.

We continue to focus on obtaining a clearer picture of our suppliers' supply chains to ensure they align with our Ethical Sourcing Code and new suppliers are asked about their supply practices prior to becoming an approved supplier of the company. However, the scope and geographic spread of our supply chain, together with the wide variety of suppliers we engage with, creates challenges for embedding the Ethical Sourcing Code and ensuring our suppliers are doing more than acknowledging their commitments. Our suppliers are very diverse, ranging from small localised family businesses to global multinationals. In some cases, our suppliers are very small operators and they have few resources to provide detailed information about their policies and sustainability and governance approaches. In other cases, we have had long-standing agreements with suppliers, but have not engaged them before on sustainability issues. As we manage these issues more closely, we will have the opportunity to deepen our engagement with our suppliers on the Ethical Sourcing Code. A key way that we will do that into the future is to undertake supplier sustainability assessments and audits and ensure that our procurement teams continue to have strong relationships with the businesses we procure from.

Modern Slavery Act

The Modern Slavery Act 2018 (Cth) came into force in Australia on 1 January 2019 and requires reporting entities to disclose the risks of modern slavery practices in the operations and supply chains of the reporting entity, and any entities that the reporting entity owns or controls. The Modern Slavery Act applies to SkyCity Entertainment Group Limited, being an entity based, or operating, in Australia having an annual consolidated revenue of more than A\$100 million. SkyCity's first modern slavery statement was published on the Australian Government's online Register for Modern Slavery Statements in November 2020 and is available at <https://www.modernslaveryregister.gov.au/statements/299/> and in the Governance section of the company's website at www.skycityentertainmentgroup.com.

SkyCity is fully supportive of the Modern Slavery Act and its intention to eliminate modern slavery in all its forms, including trafficking in persons, slavery, servitude, forced marriage and forced labour. SkyCity has zero tolerance towards modern slavery. We are committed to implementing and enforcing effective systems and controls to seek to ensure that modern slavery is not taking place anywhere in our business or supply chains.

SkyCity operates primarily in New Zealand and Australia with limited supply chains and, as such, we believe that our exposure to the risks of modern slavery is low. However, we still recognise that there is scope for modern slavery to occur and our modern slavery statement sets out the steps we have taken to minimise this risk.

SkyCity always aims to obtain a clear picture of a potential suppliers' supply chain to ensure that it will align with SkyCity's high expectations around ethical procurement practices. All new suppliers are asked about their supply practices prior to becoming an approved supplier. SkyCity has several policies, practices and procedures in place to assist

in conducting supply chain due diligence which, in turn, enables SkyCity to take significant measures to mitigate the risks of modern slavery.

Over the last financial year, we updated the Ethical Sourcing Code to include mitigating the risks of modern slavery as defined in the Modern Slavery Act.

Local Suppliers

As part of a major information technology upgrade implemented in April 2019, SkyCity is able to categorise items in some detail, including location of the supplier. This enables SkyCity to modify procurement practices where required to support the intention outlined in SkyCity's Group Procurement Policy - to source and procure locally made and supplied products from Australasian owned and operated businesses as a preference wherever possible. This Policy drives greater rigour in the onboarding of new suppliers and has an emphasis on supplier consolidation and ethical sourcing with SkyCity choosing the best mix of suppliers to meet its business requirements.

Our primary focus is procuring from businesses operating in the same countries in which SkyCity operates, thus supporting local economies even where, in some instances, goods are imported. Our secondary focus is procuring local products and produce from businesses that are geographically close to our businesses.

In the financial year ended 30 June 2021, SkyCity spent over \$33 million on food and beverage items across New Zealand and Adelaide. This equates to over 22% of our operational spend. We will continue to work with our food and beverage suppliers to gain more understanding as to where our products are being sourced to ensure a local focus where practical.

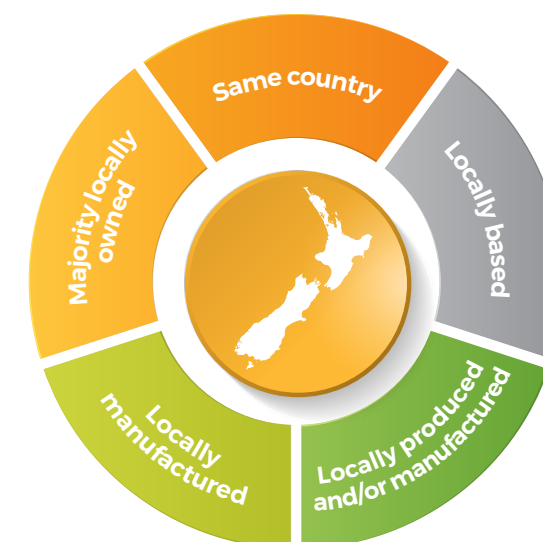
SkyCity engages local contractors wherever possible for its construction projects who, in turn, procure local products, materials and subcontractors where

feasible. Many of the gaming products and equipment required by SkyCity for its casino operations are not able to be manufactured or sourced locally - in sourcing these items internationally, SkyCity's focus is on procuring such items from ethical suppliers.

In 2020, we refined our sourcing strategy by developing clear definitions for what constitutes "local" in the context of our supplier and product classifications. Using these definitions, we reviewed (and regularly review) the top 100 suppliers (by spend) at each of the SkyCity properties to understand where our products are being sourced.

Category	Definition
Suppliers	
Same country	Products procured from businesses in the same country
Locally based	Products procured from businesses in the same region as the relevant SkyCity property (for example, the Waikato region for SkyCity Hamilton)
Majority locally owned	Products procured from businesses with greater than 50% local ownership
Products	
Locally manufactured	Products manufactured locally, but from imported products
Locally produced and/or manufactured	Entire product is manufactured from locally sourced products

Top 100 Suppliers Per Site (as at 30 June 2021)	Same Country	Locally Based	Majority Locally Owned
Auckland	94%	79%	62%
Hamilton	89%	44%	67%
Queenstown	94%	40%	72%
Adelaide	96%	64%	64%



Sleeping Easy

SkyCity sources a range of luxury bedding made from recycled plastic bottles by Vendella, a New Zealand owned and operated business, for SkyCity's Auckland hotels. Through its participation in our EcoVadis assessment/audit process, Vendella was awarded a silver rating by EcoVadis.

A three-step recycling process transforms plastic bottles into a microfibre for Vendella's luxury bedding range. Plastic bottles are sterilised and reduced from their raw waste state into small flakes. These small flakes are spun into a yarn and then transformed into premium, hypoallergenic, microfibre that has a high loft and luxurious softness.

In 2017, Vendella threw its support behind Keep New Zealand Beautiful, forming The Dream Green Initiative partnership. For every eight 'Dream 900' pillows sold, Vendella funds the planting of a native seedling. Since 2017, the initiative has funded the planting of over 4,000 native trees throughout New Zealand.

Since September 2015, SkyCity has purchased over 7,700 pillows, duvet inner, mattress protectors, quilts and blankets from Vendella – the equivalent of around 194,000 plastic bottles.

Save the Planet while you sleep



We are part of 'The Dream Green Initiative' that helps Kiwi accommodation providers, like us, to provide more sustainable options during your stay!

To date, the SkyCity Hotels Group has helped recycle:

194,000

 Plastic Bottles


Dreamticket
Bliss Pillow

25
Bottles ♻️



Dreamticket
Dream Pillow

23
Bottles ♻️



Dreamticket
Duvet Inner

25-46
Bottles ♻️



Dreamticket
Mattress Protector

5-12
Bottles ♻️



Dreamticket
Snug Quilt

37
Bottles ♻️



“The fundamental features of a sustainable supply chain are social, environmental, and financial responsibility. Developing my knowledge about each feature was the first step for me in understanding the expectations that SkyCity has in making our supply chain more sustainable and aligned across the business.”

Shonan Pereira
Procurement

Shonan joined SkyCity in 2017 as National Procurement Coordinator and is currently a Procurement Specialist in our Procurement team.

For Shonan, the most exciting and rewarding feature of her time at SkyCity is he tāngata, he tāngata, he tāngata - the people, the people, the people. “The relationships I've built with my internal and external stakeholders is an extremely rewarding part of my role. Being able to take them on the journey to achieve a goal that's beneficial to the team and the overall business is so important and fulfilling”.

In her role managing three key portfolios - Property Services, Corporate and Marketing, Shonan is mindful of the commitments and responsibilities SkyCity has when she engages with key stakeholders.

“Taking a hands-on, grassroots approach to supplier engagement is a positive way of engaging with others. One-on-one engagement always helps build understanding between parties and aligns supplier goals with SkyCity's sustainability pillar. It's about building relationships and being able to understand people, their business goals and requirements and their challenges as well.

People and businesses become loyal to brands that they share their values with and here at SkyCity we invest in and promote sustainable practices that help reduce waste and use ethically sourced materials – our long standing supplier relationships are a testament to this. The work I do helps me assign accountability for myself and the suppliers we align with. Personal accountability is as equally important as holding others accountable, especially in a procurement role. Our documentation, language and procurement processes reflect SkyCity's values and, when we're in negotiations, our expectations are made clear”.

Protect the environment

Active commitment to reducing our environmental footprint.

Our Environment

We are dedicated to growing in a sustainable manner with a commitment to environmental sustainability as a foundation for successful economic, social and cultural development.

Priority Issues

- Climate change/emissions reduction
- Reducing waste
- Reducing water use
- Employee activation

Key Stakeholders

- KiwiHarvest
- Toitū Envirocare
- Climate Leaders Coalition
- Energy Efficiency and Conservation Authority
- SUEZ-ResourceCo
- Beca
- Sustainable Business Council
- EnviroWaste

FY21 Performance Highlights

- Appointed Beca to produce a de-carbonisation roadmap which will guide SkyCity towards its science-based targets
- Continued reduction in the use of single-use plastics across all SkyCity properties (against the 30 June 2020 baseline), with:
 - SkyCity Adelaide achieving a 60% reduction in plastic volume
 - SkyCity Auckland achieving a 37% reduction in plastic volume
 - SkyCity Hamilton achieving a 46% reduction in plastic volume
 - SkyCity Queenstown achieving a 48% reduction in plastic volume
- Continued reduction in electricity use with assistance from the B-Tune programme
- Achieved carbon zero status for the SkyCity Group (by way of offset thorough Toitū Envirocare)

FY21 Key Challenges

- Introducing food waste composting across all SkyCity properties
- Lack of alternatives to certain single use plastics, making zero single use plastics difficult to achieve

FY22 Focus Areas

- Continued focus on carbon reduction emissions across the Group
- Continued focus on reducing water use across the Group
- Deliver a zero waste technology solution for the SkyCity Auckland site
- Deliver a green waste composting solution for all SkyCity properties

Working within the limits of the natural environment will allow current and future generations to benefit from its resources to ensure continual economic and social prosperity, which we believe results in business continuity and positive impacts on staff and stakeholder wellbeing.

Reducing Waste

Since 2015, SkyCity has reduced its waste sent to landfill by 43.4%, in part due to the mandated property closures during FY20 and FY21 (in response to the COVID-19 pandemic).

Food Donations and Composting

In Auckland, SkyCity continued to support KiwiHarvest, a national food rescue charity that redistributes excess food, free of charge, to community groups and social service agencies, with donations of food from its Auckland property. During the past financial year, the SkyCity Auckland property donated around 150kgs of food to KiwiHarvest.

Food that cannot be donated from the SkyCity Auckland kitchens is collected and commercially composted offsite to be used on New Zealand soils to aid the horticulture industry. During the past financial year, through the efforts of our kitchen teams, SkyCity sent 148 tonnes of food waste to be commercially composted - bringing the total amount collected and composted since the programme began in April 2017 to over 1,000 tonnes. Pleasingly, SkyCity's focus on reducing food wastage has resulted in a reduction of food waste being composted each year since the programme began.

Upcycling Textiles

In the last financial year, our SkyCity Hamilton Wardrobe team (with assistance from a small group of supporters from other departments) repurposed approximately 230 metres of fabric from old uniforms into face masks for staff, door stops, dining table phone holders for staff, cushions for staff areas and kitten hammocks for cat rescue operators.

As part of the A\$330 million SkyCity Adelaide development project (which officially opened in December 2020), iconic South Australian fashion designer Liza Emanuele was commissioned to design a range of new uniforms for SkyCity Adelaide. This uniform refresh resulted in over 13,000 obsolete garments, which were donated to three important charities - St Vincent de Paul (Vinnies) and two local Adelaide charities, Hutt St Centre and Dressed for Success Adelaide. The Hutt St Centre is a place of hope and opportunity for people facing homelessness to rebuild their lives without judgement. Dressed for Success is an organisation empowering women to achieve economic independence by providing a network of support and professional attire to help them thrive in work and life. Uniforms donated to international charity St Vincent de Paul have been shipped to Africa where they will be distributed throughout much needed regions.



SkyCity Adelaide Wardrobe Manager, Caterina Goglia, and SkyCity Adelaide employee, Bianca White, oversaw the donation of over 13,000 obsolete garments to three charities.

Plastics

SkyCity continues to transition from traditional plastic to commercially compostable food and beverage packaging, such as takeaway coffee cups and lids, straws, plates, containers and cutlery. The packaging is made from rapidly replenishing plant-based material and can be disposed of in food waste bins.

The goals of SkyCity's Zero Waste Strategy are to eliminate waste sent to landfill and improve the efficiency of resource use through reduction and recycling. Stage one involves the removal of all customer facing single-use plastics, such as water bottles and Styrofoam cups. Stage two is the development of a plan to remove plastic packaging from the Sky Tower gift shop in Auckland. The third stage involves quantifying all non-customer facing plastics, which are used by suppliers of goods to SkyCity, and developing a collaborative plan to reduce or replace these with more sustainable alternatives.

From 1 March 2021, single-use plastic straws, cutlery and stirrers have been prohibited from sale, supply or distribution in South Australia (including bioplastic alternatives) under the Single-Use and Other Plastic Products (Waste Avoidance) Act 2020 (SA) - the first legislation of its kind in Australia. From 1 March 2022, expanded polystyrene cups, bowls, plates and clamshell containers will also be prohibited from sale, supply or distribution in South Australia under the Act. These items are not utilised in SkyCity's properties.

During the last financial year, we have continued to reduce our use of single-use plastics across SkyCity's properties, with:

- SkyCity Adelaide achieving a 60% reduction in plastic volume (driven by the introduction of the Single-Use and Other Plastic Products (Waste Avoidance) Act 2020 (SA));
- SkyCity Auckland achieving a 37% reduction in plastic volume;
- SkyCity Hamilton achieving a 46% reduction in plastic volume; and
- SkyCity Queenstown achieving a 48% reduction in plastic volume,

(in each case as a comparison against the 30 June 2020 baseline).

Whilst there is a lack of alternatives to certain single-use plastics, SkyCity continues to transition from traditional plastic to commercially compostable food and beverage packaging wherever possible.

Eliminate Waste to Landfill

Over the last financial year, we have continued to consider and progress the feasibility for a waste converter for SkyCity Auckland, the largest and busiest property within the SkyCity Group. The waste converter is a zero waste to landfill option which can process nearly all waste materials (with the exception of construction waste and batteries). Materials that can be composted or that SkyCity receives a rebate from (such as cardboard), would continue to be recycled through existing avenues as would glass and HDPE plastics. The residual product from the converter has calorific value that is suitable to be made into an energy source or a building material (similar to MDF). The key objectives of the converter are to achieve zero waste to landfill, reduce associated costs of disposing waste to landfill and to ensure that the end product will be recycled in New Zealand. If achieved, SkyCity Auckland would be the first casino in the world to achieve a zero waste to landfill status.

In Adelaide, SkyCity has engaged SUEZ to assist SkyCity Adelaide in achieving zero waste to landfill. SUEZ offers recycling and commercial food composting solutions with the remaining dry general waste being diverted to SUEZ-ResourceCo (a joint venture between SUEZ and ResourceCo). The Suez-ResourceCo facility processes commercial, industrial and construction waste into Processed Engineered Fuel (PEF) which is then used as a fuel source by Adelaide Brighton Cement instead of using traditional fossil fuels. PEF is used to power cement kilns, reducing carbon emissions by 30%. SUEZ-ResourceCo has the capacity to convert up to 350,000 tonnes of raw material per annum into 180,000 tonnes of PEF, and reducing carbon emissions by 30%. Since commencing this partnership with Suez in December 2020, SkyCity Adelaide has significantly increased its waste diversion from landfill from an average of 30% to an average of 92% in the first 7 months - resulting in:

- 92 tonnes of dry waste being processed at the Suez-ResourceCo facility (preventing 37 tonnes of CO2 being emitted into the atmosphere) - enough to produce 199 tonnes of clinker blocks or 685m3 of concrete; and

- 132 tonnes of organic food waste being collected by SUEZ for reuse in soil compost by many of SkyCity Adelaide's suppliers, creating a circular economy and second use of our food waste.

Climate Change and Emissions

Although SkyCity is not, through its usual day-to-day operations, a major emitter of greenhouse gases, we recognise the role that we need to play in reducing our impacts. We are committed to progressing initiatives to reduce emissions and taking action to combat climate change.

As part of SkyCity's commitment to climate action, we have measured, audited and verified SkyCity's carbon footprint for FY15-FY21 through the Certified Emissions Measurement and Reduction Scheme programme operated by Toitū Envirocare, a government-owned environmental certifications body in New Zealand.

Climate Change Strategy

In February 2019, SkyCity announced a climate change strategy that would see SkyCity's New Zealand sites become carbon neutral by 30 September 2019, with SkyCity's Adelaide site achieving carbon neutrality by 30 September 2020. As part of this strategy, a SkyCity Green Fund was established – funded by an internal carbon levy paid by each of SkyCity's Auckland, Hamilton, Queenstown and Adelaide sites relative to each site's emissions. The levy is an internal charge of \$25 per tonne of carbon, in line with the New Zealand

Government's price of carbon under the Emissions Trading Scheme. Funds from the levy are used to offset SkyCity's carbon footprint to net zero by investing in emission reduction projects selected by Toitū Envirocare. The SkyCity Green Fund has also accrued and invested in projects identified and developed by SkyCity employees to reduce SkyCity's carbon emissions in accordance with its science-based targets set in 2019.

SkyCity employees have had the opportunity to measure and offset their own household carbon footprints, with SkyCity matching their offset dollar-for-dollar by payment into the SkyCity Green Fund.

Pleasingly, SkyCity was among the first major New Zealand companies to go carbon neutral and was certified carbonzero by Toitū Envirocare in New Zealand in October 2019 following the payment by SkyCity of \$86,000 to offset the equivalent of 12,866 tonnes of carbon (measured in FY19). The carbon credits purchased through Toitū Envirocare are generated by international projects, which will fund 48,000 solar household cookers for rural communities in China and help build wind farm capacity in India to replace fossil fuel alternatives.

As planned, the SkyCity Adelaide property also became carbon neutral, alongside SkyCity's New Zealand sites, when the emissions generated during the year ended 30 June 2020 (5,518 tonnes of carbon) were offset by purchasing carbon credits through Toitū Envirocare in September 2020. In total, SkyCity paid \$131,238 to offset the equivalent

of 15,137 tonnes of carbon in respect of the Group's FY20 carbon emissions.

The emissions generated by the SkyCity Group during the year ended 30 June 2021 (16,750 tonnes of carbon) were offset by the purchase of \$166,663 in carbon credits through Toitū Envirocare in August 2021.

Reductions in Water and Electricity Use

SkyCity has continued to implement water saving initiatives at its largest SkyCity Auckland property in response to water use restrictions in Auckland City (imposed since May 2020), including:

- washing buildings and windows using buckets of water rather than hoses;
- reusing water for other outdoor cleaning tasks;
- using dishwashers only when full and turning off taps in the kitchens;
- making staff and hotel guests aware of the water restrictions; and
- restrictions on cooling tower usage.

A number of initiatives led by the Property Services team at our Auckland site, including continuous commissioning and finetuning of the Building Management System (BMS) and the B-Tune programme (building tune), have cumulatively generated significant reductions in SkyCity Auckland's use of utilities reducing our overall carbon emissions and spend on electricity, gas and water.

Climate Change Governance and Risks

SkyCity's climate change strategy is overseen by the Board's Sustainability Committee. A management-led Climate Change Committee is responsible for working with wider operational management to execute the strategy.

The New Zealand Government published its first National Climate Change Risk Assessment in August 2020 and, in April 2021, introduced legislation (in the form of the Financial Sector (Climate-related Disclosure and Other Matters) Amendment Bill) to make climate-related disclosures aligned with the Recommendations of the Task-Force on Climate-related Financial Disclosures (TCFD) mandatory for some organisations, including

publicly listed companies (such as SkyCity) and large insurers, banks, non-bank deposit takers and investment managers. If approved by Parliament, the legislation will require climate-related disclosures for financial years commencing in 2022, with disclosures being made in 2023 at the earliest. The New Zealand Government is also due to issue a National Adaptation Plan in August 2022, which is expected to provide further guidance on how local and central government will respond to climate change risks. These documents and legislation will be a critical resource for SkyCity to take its climate change strategy, planning and reporting to the next stage. SkyCity is committed to progressing towards TCFD-compliant reporting and aims to progress with detailed scenario analysis as part of its ongoing journey towards TCFD-compliant reporting.

SkyCity is a signatory to the Climate Leaders Coalition, a group representing a variety of businesses from different industries which contribute to nearly half of New Zealand's emissions. The group's goal is to help New Zealand transition to a low emissions economy and, in doing so, create a positive future for New Zealanders, business and the economy. Members of the Climate Leaders Coalition have signed a joint Climate Change Statement, which commits their companies to action and is the group's first step in their drive for positive change. By signing the statement, each of the businesses has committed to:

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

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

SkyCity has submitted to the Science Based Targets (SBT) initiative, a partnership between CDP (formerly Carbon Disclosure Project), the United Nations Global Compact, the World Resources Institute and the World Wildlife Fund, to set science-based reduction targets from our FY15 base year. Targets are science-based when in line with the level of decarbonisation required to keep global temperature increase well below 2°C.

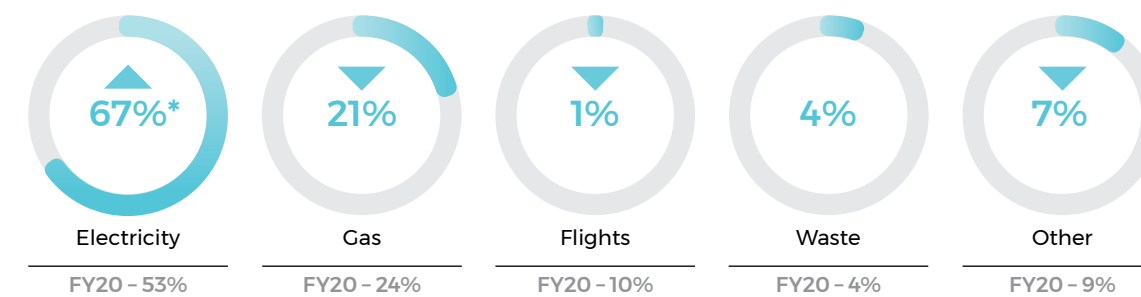


As part of this, SkyCity has committed to reduce absolute scope one and scope two Green House Gas (GHG) emissions by 38% by 2030 and by 73% by 2050 (from a 2014-2015 base year) and that 67% of SkyCity's suppliers, by spend covering purchased goods and services and capital goods, will set science-based scope one and scope two targets by the year 2023. SkyCity was the first hospitality business in Oceania to set science-based targets to help keep the rise in global temperature to well below 2°C.

SkyCity Climate Related Risks

Nature of Risk	Description and Impact	
Physical risks	Rise in global temperatures	Increased load on air conditioning, increased power outages, increased reliance on generators, increased fire risk in Adelaide and a reduced ski season in Queenstown
	Increase in violent weather events, including cyclone, sea surge, tornado	Damage to property, business interruption, undrinkable water, gas leaks, power outages, increased reliance on generators, reduced visitation/tourism and the need for new infrastructure to be more resilient
	Rise in sea levels	Salt intrusion in soils impacting supply chain
Market and reputational risks and opportunities	<ul style="list-style-type: none"> Shift in consumer preferences, increasing societal pressure to participate in green economy and the stigma of not participating Potential for banks to increase cost of funds for non-green entities Increasing long term focus by investors in green funds, which could impact SkyCity's share price Increased challenges with tourism around New Zealand (erratic weather) increases the opportunity for an indoor "proxy" experience Potential for New Zealand to become a more attractive tourism destination for its "green" status 	
Policy and legal risks	<ul style="list-style-type: none"> Increase in compliance and reporting costs associated with measuring, demonstrating and actioning new requirements Change in policy and regulations (new building construction, building fit outs and remedial work to maintain building warrant of fitness) 	
Economic risks and opportunities	<ul style="list-style-type: none"> General increase in cost of doing business (through an emissions trading scheme and/or value chain risk), including fuel, water, waste water, electricity, gas, transportation, taxes, waste disposal, certain goods and services, and insurance Prohibition of non-green consumables, which may cost more or less than alternative green consumables Change in infrastructure and furniture, fixtures, and equipment (FFE) costs (green standards, energy efficiency, electric vehicles and other green technology) SkyCity will be considering carbon in future investment and divestment opportunities 	

FY21 Carbon Footprint Inventory



*The increase in electricity usage from FY20 to FY21 is due to a reduction in COVID-19 closures and the completion of the SkyCity Adelaide expansion.

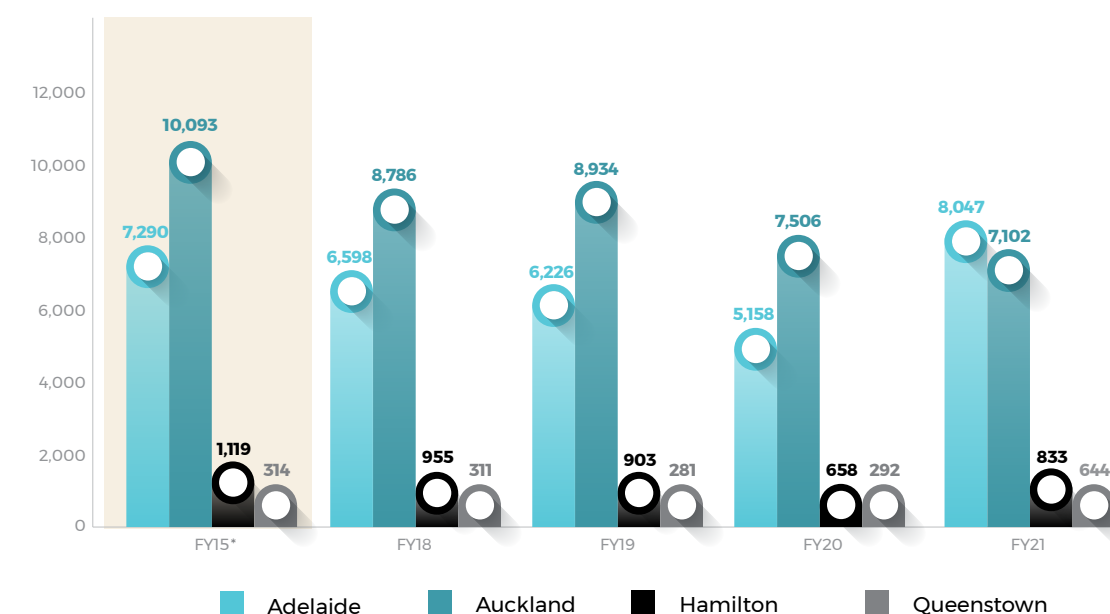
FY15-FY21 Performance

The following graphs summarise SkyCity's key environmental performance data for FY15-FY21.

SkyCity has continued efforts to reduce its carbon footprint - with Scope 1 and 2 emissions combined reducing by 18.7% since FY15 and emissions from waste reducing by 52.7%, in part due to the mandated property closures and travel restrictions during FY20 and FY21 (in response to the COVID-19 pandemic).

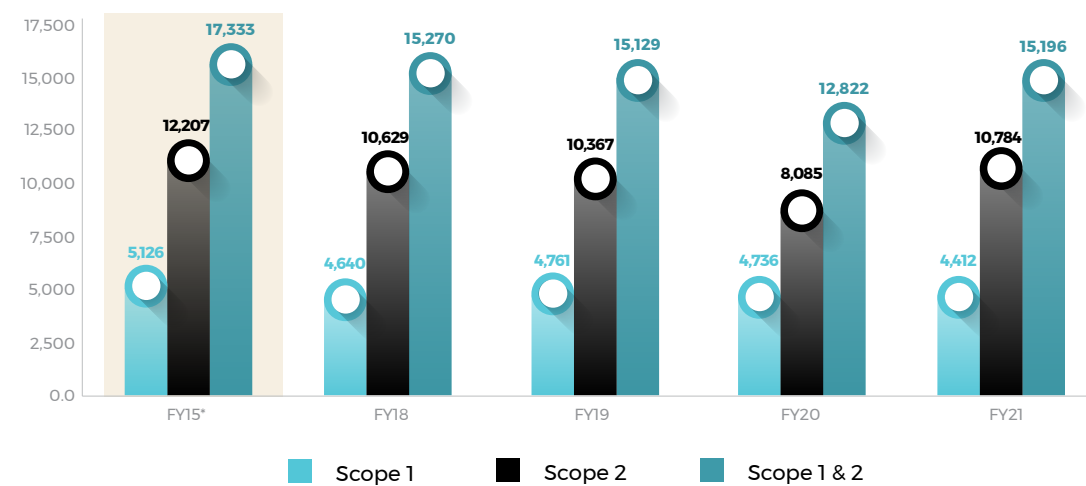
The increase in absolute carbon from FY18 to FY19 was due to increased air travel across the Group, which SkyCity reduced in FY20 and FY21 through better utilisation of Skype for Business and economy class flights and due to COVID-19 related international border restrictions.

Total Emissions (Scope 1, 2 and 3) (Tonnes CO2e) - by Site

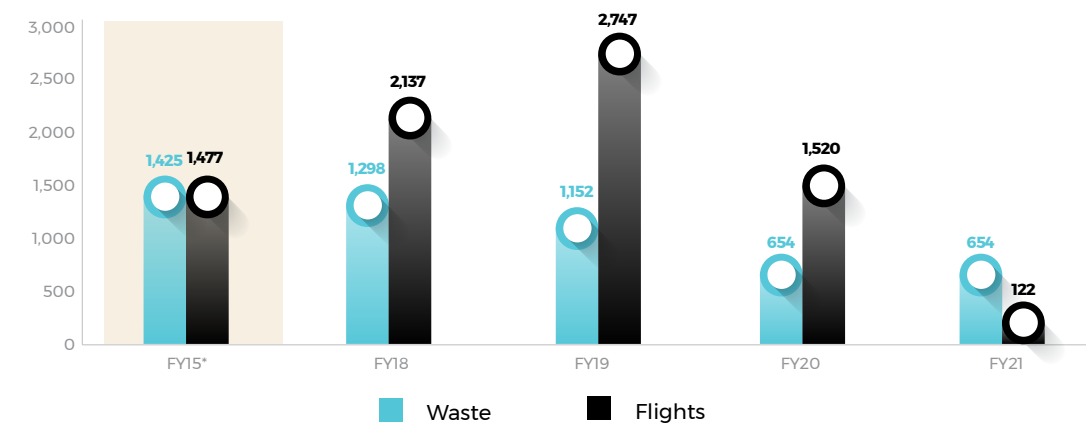


*SkyCity's science-based reduction targets are set from our FY15 base year.

Scope 1 and 2 Emissions (Tonnes CO2e) – Group



Scope 3 Emissions (Tonnes CO2e) – Group



*SkyCity's science-based reduction targets are set from our FY15 base year.

Scope Definitions

Through the Toitū carbonreduce certification (formerly the Certified Emissions Measurement and Reduction Scheme) operated by Toitū Envirocare, SkyCity must report all Scope 1, Scope 2 and Scope 3 emissions (unless deemed de minimis), where:

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



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

Our Conclusion:

Ernst & Young Limited ('EY', 'we') have been engaged by SkyCity Entertainment Group Limited ('SkyCity') to perform a limited assurance engagement, as defined by the International Standard on Assurance Engagements (New Zealand), 3000: Assurance Engagements Other than Audits or Reviews of Historical Financial Information ('ISAE (NZ) 3000'), hereafter referred to as the 'engagement', over selected disclosures included in SkyCity's 2021 Annual Report ('Report') for the year ended 30 June 2021. Based on our procedures and the evidence obtained, as of 23 August 2021 we are not aware of any material modifications that should be made to the selected disclosures included in our review in order for the disclosures to be in accordance with the criteria.

What our review covered

We reviewed SkyCity's selected disclosures (subject matter), listed below, as disclosed in the Report, for the year ended 30 June 2021.

Selected disclosures		Metric
Customer/ Responsible Host	Customer exclusions issued at SkyCity casinos (#)	1,077
	Customers identified in breach of their exclusion orders in FY21 (#)	1,373
Our People	Gender pay gap for Australia and New Zealand staff (%)	Aus - 6.1% NZ - 6.9%
	Workforce diversity statistics	Top 10 Ethnicities
Environment	Reduction in waste to landfill volume FY15-FY21 (tonnes)	43.4%
Community	Contributions by SkyCity casinos to the SkyCity Community Trusts (NZ\$)	4.1 million (NZ\$)
Suppliers	Total procurement spend on food and beverage from Australia and New Zealand-based suppliers (NZ\$)	33,857,375 (NZ\$)
	Total FY21 spend excluding construction (%)	213,262,178 (NZ\$)
	Key suppliers completed an EcoVadis assessment/audit process as at 30 June 2021 (#)	71

Criteria applied by SkyCity

In preparing the selected disclosures, SkyCity applied:

- ▶ Global Reporting Initiative's (GRI) Standards; and
- ▶ SkyCity's own published criteria (the Criteria).

SkyCity's responsibilities

SkyCity's management ('Management') was responsible for selecting the Criteria, and for presenting the selected disclosures in accordance with that Criteria. This responsibility included establishing and maintaining internal controls and adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities

Our responsibility is to express a limited assurance conclusion on selected disclosures included in the Report based on the evidence we obtained.

We conducted our engagement in accordance with the *International Standard on Assurance Engagements (New Zealand), 3000: Assurance Engagements Other than Audits or Reviews of Historical Financial Information ('ISAE (NZ) 3000')* and the terms of reference for this engagement as agreed with SkyCity on 8 July 2021. The standard requires that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the subject matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

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

EY's independence and quality control

We are independent of SkyCity in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, and we

have fulfilled our other ethical responsibilities in accordance with these requirements.

The firm applies Professional and Ethical Standard 3 (Amended) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

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

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the selected disclosures and related information, and applying analytical and other review procedures including:

- ▶ Conducting interviews with key personnel to understand SkyCity's process for collecting, collating and reporting the selected disclosures during the reporting period
- ▶ Checking that the Criteria has been reasonably applied in preparing the selected disclosures
- ▶ Checking the reasonableness of assumptions
- ▶ Inquiring of personnel to identify risks of underreporting and quality controls
- ▶ Undertaking data analytics to check the reasonableness of the data supporting disclosures, such as analysis of month on month changes in the consumption of various energy sources
- ▶ Performing recalculations of performance metrics to confirm quantities stated were replicable, such as performing a recalculation of greenhouse gas emissions using source data and the relevant emissions factor as defined by the Criteria
- ▶ Assessing evidence on a sample basis, such as selecting a sample of non-recordable health and safety incidents and assessing whether the incident

description suggested that they should have been classified as recordable incidents

- ▶ Checking aggregation of selected disclosures and transcription to the Report
- ▶ Checking the appropriateness of the presentation relating to the selected disclosures.

Use of our Assurance Statement

We disclaim any assumption of responsibility for any reliance on this assurance statement, or on the selected disclosures to which it relates, to any persons other than the management and the Directors of SkyCity, or for any purpose other than that for which it was prepared. Our review included web-based information that was available via web links as of the date of this assurance statement. We provide no assurance over changes to the content of this web-based information after the date of this assurance statement.



Ernst & Young

Auckland, New Zealand

23rd August 2021

Pip Best

Partner

Corporate Governance Statement and Other Disclosures

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

In establishing its governance policies and procedures, the SkyCity Board has adopted eleven governance parameters as the cornerstone principles of its corporate governance charter as set out in the company's Board Charter (available in the Governance section of the company's website at www.skycityentertainmentgroup.com). As a New Zealand company listed on the New Zealand and Australian stock exchanges, these cornerstone principles, detailed below and on the following pages, reflect the Listing Rules and Corporate Governance Code of NZX Limited (**NZX**), the Listing Rules of ASX Limited (**ASX**), the Corporate Governance Principles and Recommendations (Fourth Edition) of the ASX Corporate Governance Council, and the New Zealand Financial Markets Authority's Corporate Governance Principles and Guidelines.

SkyCity is listed as a 'Foreign Exempt Listing' on the ASX. The ASX Foreign Exempt Listing category is based on a principle of substituted compliance recognising that, for secondary listings, the primary regulatory role and oversight rest with the home exchange and the supervisory regulator in that jurisdiction. As a company with ASX Foreign Exempt Listing status, SkyCity is not required to comply with ASX Listing Rule 4.10, which requires entities to include certain prescribed information in their annual reports, or the Corporate Governance Principles and Recommendations (Fourth Edition) of the ASX Corporate Governance Council. Notwithstanding, SkyCity has taken into account ASX Listing Rule 4.10 when preparing this annual report and considers its corporate governance practices and principles have substantially reflected the recommendations set by the ASX Corporate Governance Council, in addition to all

the corporate governance principles set out in the NZX's Corporate Governance Code, during the financial year ended 30 June 2021. In addition, as mentioned above, the cornerstone principles set out in SkyCity's Board Charter (available in the Governance section of the company's website at www.skycityentertainmentgroup.com) continue to reflect the principles in the Corporate Governance Principles and Recommendations (Fourth Edition) of the ASX Corporate Governance Council.

1. Roles and Responsibilities of the Board and Management

SkyCity's procedures are designed to:

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

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

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

Specific responsibilities of the Board include:

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

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

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

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

2. Structure the Board to Add Value

Board effectiveness requires the efficient discharge of the duties imposed on the directors by law and

the addition of value to the company.

To achieve this, the SkyCity Board is structured to:

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

Board Composition and Skills Matrix

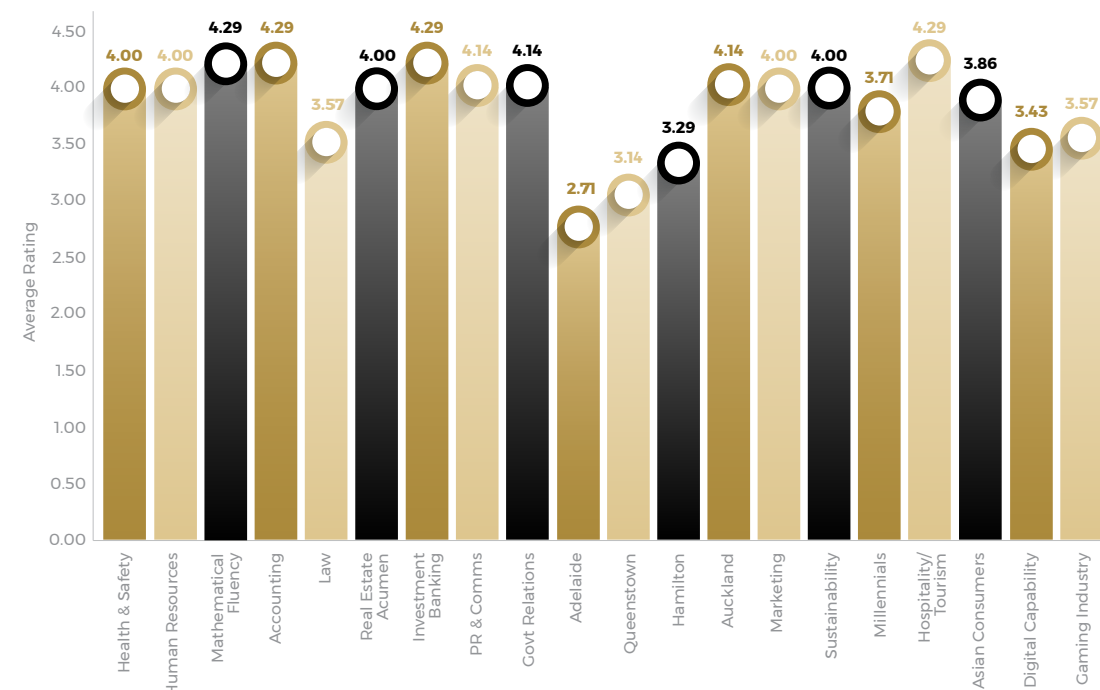
The Board ensures that it is of an effective composition and size to adequately discharge its responsibilities and duties and to add value to the company's decision-making.

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

The areas of expertise and experience determined by the Board as being the key competencies required to meet these objectives are:

- gaming industry experience and understanding;
- understanding of Asia and Asian consumers;
- local market knowledge;
- government relations;
- public relations and communications;
- investment banking;
- property and real estate acumen;
- hospitality industry experience and understanding;
- law;
- finance and accounting;
- mathematical fluency;
- human resources;
- health and safety;
- marketing;
- digital capability and exposure;
- sustainability; and
- millennial understanding.

In June 2021, Board members completed a self-assessment survey to identify the Board's overall competency in relation to the agreed areas of expertise and experience. The results of the survey are set out in the graph below – where 1 indicates low competency and 5 indicates high competency. Details of individual expertise and experience of the directors are set out on pages 60 – 63 of this annual report.



Where there is an identified gap in expertise and/or experience, the Board seeks to address that gap through learning and personal development, the use of independent expert advisors in specific areas of perceived need when necessary, or by the appointment of a director or directors with the relevant expertise and experience.

Appointment

The Board has established the Governance and Nominations Committee to:

- identify and recommend to the Board suitable persons for nomination as members of the Board and its committees (taking into account such factors as experience, qualifications, judgement, and the ability to work with other directors);
- annually review the overall composition and structure of the Board and its committee memberships and, if appropriate, the removal of a director from the Board and/or its committees;

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

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

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

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

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

Director Independence

The Board Charter and the company's constitution require that the Board contains a majority of its number who are independent directors. SkyCity also supports the separation of the role of Board chair from the Chief Executive Officer position. The Board Charter requires the Board chair and (where appointed) deputy chair to be independent directors and prohibits the company's Chief Executive Officer from filling either of these roles.

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

At its June 2021 meeting, the Board reviewed the status of each director in accordance with the definition of independence set out in the NZX Main Board Listing Rules and taking into account the ASX Independence Guidelines and determined that all current non-executive directors were independent at the balance date having regard to the factors described in the NZX Corporate Governance Code and ASX Independence Guidelines that may impact director independence.

Access to Information and Advice

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

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

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

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

Indemnities and Insurance

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

Board Committees

The Board has four formally appointed standing committees – the Audit and Risk Committee, Governance and Nominations Committee, People and Culture Committee and Sustainability Committee. The members of each of these committees are non-executive directors and the non-executive directors of the Board appoint the chair of each committee.

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

From time to time, the Board creates specific sub-committees to deal with a particular matter or matters and/or to have certain decision-making authority as the Board may elect to delegate to that sub-committee.

Board and Committee Membership

The following table lists the members and chair of the SkyCity Board and each of its four formally appointed standing committees as at 30 June 2021 and as at the date of this annual report.

Biographical details of individual directors, and their respective qualifications and experience, are set out on pages 60 – 63 of this annual report.

BOARD		APPOINTMENT TO OFFICE
Chair	Rob Campbell	25 June 2017
Members	Sue Suckling	9 May 2011
	Jennifer Owen	5 December 2016
	Murray Jordan	5 December 2016
	Silvana Schenone	8 June 2021
	Julian Cook	8 June 2021
	Chad Barton	8 June 2021

AUDIT AND RISK COMMITTEE	
Chair	Jennifer Owen
Members	Rob Campbell
	Murray Jordan
	Julian Cook
	Chad Barton

PEOPLE AND CULTURE COMMITTEE	
Chair	Murray Jordan
Members	Rob Campbell
	Jennifer Owen
	Silvana Schenone
	Julian Cook
	Chad Barton

SUSTAINABILITY COMMITTEE	
Chair	Sue Suckling
Members	Rob Campbell
	Murray Jordan
	Silvana Schenone

GOVERNANCE AND NOMINATIONS COMMITTEE	
Chair	Rob Campbell
Members	Sue Suckling
	Jennifer Owen
	Murray Jordan
	Silvana Schenone
	Julian Cook
	Chad Barton

Board and Committee Meeting Attendance

The following table shows director attendance at Board meetings and committee member attendance at committee meetings (both scheduled and unscheduled) during the financial year ended 30 June 2021.

	BOARD	AUDIT AND RISK	PEOPLE AND CULTURE	SUSTAINABILITY	GOVERNANCE AND NOMINATIONS
TOTAL NUMBER OF MEETINGS	12	6	5	4	1
Rob Campbell	12	6	5	4	1
Sue Suckling	11	–	–	4	1
Jennifer Owen	12	6	5	–	1
Murray Jordan ⁽¹⁾	12	1	5	1	1
Bruce Carter ⁽²⁾	4	5	–	3	1
Silvana Schenone ⁽³⁾	3	–	2	1	–
Julian Cook ⁽³⁾	3	1	1	–	–
Chad Barton ⁽³⁾	3	1	2	–	–

(1) Murray Jordan was appointed a member of the Audit and Risk and Sustainability Committees effective from 23 March 2021.

(2) Bruce Carter resigned as a director effective from 20 March 2021.

(3) Prior to their appointment on 8 June 2021, Silvana Schenone, Julian Cook and Chad Barton attended Board and Committee meetings from 29 March 2021 in their capacity as advisors.

3. Integrity and Ethical Behaviour

For SkyCity, it is important to be a good corporate citizen, whilst operating a sustainable and successful business model.

SkyCity expects its Board, management and employees to act in accordance with the company's values, policies and legal obligations and actively promotes ethical and responsible behaviour and decision-making by:

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

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

Sustainability

To help the company define its responsibilities and the effectiveness of its activities, SkyCity maintains operational supervision of its sustainability activities through management as well as governance-level oversight through the Board's Sustainability Committee. This Committee directs the company's commitment to care activities and is responsible for developing and maintaining SkyCity's sustainability policies.

The Sustainability Committee focuses on the agreed pillars of the company's sustainability strategy, which are described in further detail on pages 70 – 125 of this annual report together with details of SkyCity's sustainability activities.

Code of Conduct

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

Compliance with the Code of Conduct is monitored through education and notification by individuals who become aware of any breach. In addition, all senior managers are required annually to provide a confirmation to the company that to the best of their knowledge all business matters undertaken within their areas of responsibility have been conducted in accordance with the Code of Conduct. The most recent annual confirmations were provided by senior managers in August 2021.

Trading in Securities

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

Details of any securities trading by directors or executives who are subject to the company's Securities Trading Policy are notified to the Board.

In addition, directors and officers of the company must comply with the disclosure obligations under subpart 6 of the New Zealand Financial Markets Conduct Act 2013 and the NZX Main Board Listing Rules and formally disclose their SkyCity shareholdings and other securities holdings to the NZX and, consequently, ASX within prescribed timeframes.

Conflicts of Interest

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

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

Gaming Prohibition

Directors and employees are not permitted to participate in any gaming or wagering activity at any SkyCity land-based casino.

4. Safeguard the Integrity of the Company's Financial Reporting

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

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

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

The Audit and Risk Committee oversees the independence of the company's internal and external auditors and monitors the scope and quantum of work undertaken and fees paid to the auditors for non-audit services.

The Committee has adopted an External Audit Independence Policy that sets out the framework for assessing and maintaining audit independence. The Committee has formally reviewed the independence status of PricewaterhouseCoopers and is satisfied that its objectivity and independence is not compromised as a consequence of non-audit work undertaken for the company.

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

Fees paid to PricewaterhouseCoopers during the financial year ended 30 June 2021 are set out in note 7 to the financial statements. Fees for audit and other assurance work for the financial year ended 30 June 2021 represented 74% of total PricewaterhouseCoopers fees.

5. Timely and Balanced Disclosure

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

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

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

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

The Policy is designed to ensure that SkyCity:

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

- provides guidance on the processes to ensure compliance.

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

The company's annual report (including this annual report) is prepared by the General Counsel for the SkyCity Entertainment Group with input from the Chief Executive Officer and other senior management who bear responsibility for the topics covered in the annual report with a view to ensuring the contents are materially accurate, balanced and provide investors sufficient information about SkyCity and its performance over the relevant financial year. The Board also contributes to and approves the contents of the annual report.

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

6. Respect and Facilitate the Rights of Shareholders

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

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

The company achieves this by:

- ensuring that information about the company (including its corporate governance framework, media releases, current and past annual reports, dividend histories and notices of meeting) is available to all shareholders in the Investor Centre and Governance sections of the company's website at www.skycityentertainmentgroup.com;

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

7. Recognise and Manage Risk

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

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

The Audit and Risk Committee approves the assurance plan, with results and performance of the organisation's risk and controls regularly reviewed by both the Committee and the external auditors. The Chief Executive Officer and the Chief Financial Officer are required to confirm in writing to the Audit and Risk Committee at least annually that the statement in respect of the integrity of the company's financial statements referred to above is founded on a sound system of risk management and internal control which aligns to the policies of the Board, and that the company's risk management and internal control systems are operating efficiently and effectively in all material respects. The most recent confirmations were provided by the Chief Executive Officer and Chief Financial Officer in August 2021.

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

SkyCity's ability to create and preserve value for its shareholders requires the successful execution of its business strategy, while maintaining a sound culture and practices to maintain compliance with responsible gaming frameworks. Risks influencing its ability to do this, including SkyCity's material exposure to economic, environmental and social sustainability risks, if any, and how it manages or intends to manage those risks, are outlined on pages 51 – 59 of this annual report.

8. Performance Evaluation

Evaluation of the Board and its Committees

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

The annual evaluation of the Board's and its committees' performance is generally carried out in the form of a self-evaluation questionnaire completed by each of the directors and select management. From time to time, an independently facilitated evaluation process may be carried out, in addition to or in substitution of the self-evaluation process, for the purpose of evaluating the performance of the Board and its committees.

During the last financial year, the annual evaluation of the Board's and its committees' performance was carried out by way of self-evaluation questionnaires in October/November 2020, with the results discussed by the Board in December 2020.

Evaluation of Senior Management

The Board undertakes the performance review of the Chief Executive Officer and reviews the performance outcomes of those reporting directly to that position in accordance with the company's performance review procedures.

In the case of the Chief Executive Officer, the review generally involves a formal response/feedback process at both the half year and full year. In the case of each senior executive, the review involves a formal response/feedback process between the Chief Executive Officer and each senior executive.

9. Remunerate Fairly and Responsibly

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

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

SkyCity's remuneration strategy and policies are based on a "pay for performance" philosophy.

The People and Culture Committee has reviewed the structure of SkyCity's incentive schemes to ensure they are competitive and effective to enable the company to attract and retain the leadership and talent required to drive business strategy and financial performance in the interests of shareholders. Any subsequent change to the company's remuneration strategy and/or policies will continue to reflect SkyCity's "pay for performance" philosophy and drive shareholder value.

Remuneration Report

As Chair of the People and Culture Committee of the Board, I am pleased to present our remuneration report for the financial year ended 30 June 2021. This remuneration report outlines SkyCity's remuneration frameworks and plans, including detailed information on Group executives and non-executive director remuneration and outcomes for the financial year ended 30 June 2021.

Detailed in this remuneration report are the employment and remuneration arrangements as they pertain to Michael Ahearne, appointed Chief Executive Officer in November 2020. Given the ongoing impact of COVID-19 on our business and the economy, the Board, on advice from the People and Culture Committee, has determined a remuneration package with arrangements that focus on the mid to long term recovery and success of SkyCity, by way of an annual grant of equity as well as inclusion in the 2018 SkyCity Executive Long Term Incentive Plan. Mr Ahearne does not have a short term incentive component in his remuneration package at this point in time, again reflective of the current focus of aligning the Chief Executive Officer's reward to SkyCity's mid to long term success.

In the interests of greater transparency and disclosure, the Board has elected to provide the remuneration arrangements of the Chief Financial Officer, the Chief Operating Officer New Zealand and the Chief Operating Officer Australia. Also detailed is the remuneration received by Graeme Stephens relating to the period of the financial year he was Chief Executive Officer of SkyCity, the remuneration paid to him on his retirement as part of his contractual entitlements, as well as the equity incentive entitlements still under issue to him.

Although the financial gateway for the SkyCity Performance Incentive Plan and the SkyCity Short Term Incentive Plan (being the normalised Group NPAT result for the financial year ended 30 June 2021 meeting or exceeding the normalised Group NPAT result for the immediately preceding financial year) was met, the Board exercised its discretion in relation to awards under the plans by applying one financial measure and outcome to all participants instead of participants receiving an individual financial outcome dependent on the performance of their business unit against budget. The financial measure was determined

by measuring the normalised Group NPAT for the financial year ended 30 June 2019 against the normalised Group NPAT for the financial year ended 30 June 2021, adjusted to account for one-offs and changes in SkyCity's business (such as the earnings attributable to the operation of the car park in the financial year ended 30 June 2019). Key considerations for the Board in exercising its discretion was the need to meet shareholder expectations by controlling cost, given the ongoing impact of the COVID-19 pandemic, as well as consideration of the potential implications of the AUSTRAC enforcement investigation into SkyCity Adelaide, balanced with the need to retain and reward employees for their performance and outcomes in a challenging year. An explanation of the mechanics and discretion applied to the plans is provided within this remuneration report.

In light of the economic impact of the COVID-19 pandemic, the company will not be seeking shareholder approval to increase the non-executive director fee pool at the 2021 annual meeting on 29 October 2021, noting the non-executive director fee pool was last increased by shareholders at the 2018 annual meeting, and prior to that, at the 2014 annual meeting. As such, the People and Culture committee did not seek independent benchmarking of the non-executive director fee pool and fees this year but did commission external remuneration benchmarking specialists to provide remuneration benchmarking for senior executives. Senior executives' salaries have been frozen for the financial year ended 30 June 2021.

Details of the various employee incentive plans are available in the Remuneration Policy Statement in the Governance section of the company's website at www.skycityentertainmentgroup.com or can be obtained by contacting the Company Secretary.

I hope you find the detail contained within this remuneration report useful and, as always, I welcome your feedback.



Murray Jordan
Chair
People and Culture
Committee



Non-Executive Directors Fees

This section details the fees paid to non-executive directors.

The company's Policy on Non-Executive Director Remuneration (available in the Governance section of the company's website at www.skycityentertainmentgroup.com or by contacting the Company Secretary) sets out a framework for SkyCity to attract and retain qualified, highly capable directors from a pan-Australasian talent pool for the purpose of driving value and maintaining the highest standards of corporate governance on behalf of shareholders.

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

At the 2018 annual meeting, shareholders approved, effective from 1 July 2018, a total remuneration amount for non-executive directors of \$1,440,000 per annum (plus GST, if any).

The following table outlines the approved non-executive directors' fees (exclusive of GST, if any) for the Board and its committees as at 30 June 2021:

	APPROVED POSITION	FEES (PER FINANCIAL YEAR)
Board	Chair	\$280,000
	Non-Executive Director	\$128,500
Audit and Risk Committee	Chair	\$35,000
	Member	\$15,000
People and Culture Committee	Chair	\$35,000
	Member	\$15,000
Sustainability Committee	Chair	\$35,000
	Member	\$15,000

All non-executive directors are members of the Governance and Nominations Committee and receive no additional fees for this Committee. The Board Chair does not receive separate fees for the Board committees that he sits on.

In addition to remuneration paid for services in their capacity as directors of the company, SkyCity meets the expenses incurred by directors in relation to company matters, which are incidental to the performance of their duties, including travel.

Individuals who are invited by the SkyCity Board to join the Board as non-executive directors are appointed subject to the company obtaining the approval of the regulatory authorities in each of the gaming jurisdictions in which the company operates, a process which usually takes some months to conclude. Until such approvals are obtained, individuals assist the Board in an advisory capacity and are entitled to receive remuneration for consultancy services provided to the company (subject to the maximum remuneration amount which has been approved by the shareholders of the company as noted above).

Non-Executive Director Fees for the Year Ended 30 June 2021

Remuneration paid to, and other benefits received by, non-executive directors for services in their capacity as directors of the company during the financial year ended 30 June 2021 are as listed below:

	BOARD AND COMMITTEE FEES	OTHER BENEFITS	TOTAL
Rob Campbell			
2021	\$280,000.00	–	\$280,000.00
2020	\$245,000.00 ⁽¹⁾	–	\$245,000.00
Bruce Carter			
2021	\$151,209.68⁽²⁾	–	\$151,209.68
2020	\$178,333.40 ⁽¹⁾	–	\$178,333.40
Sue Suckling			
2021	\$163,500.00	\$4,523.82⁽³⁾	\$168,023.82
2020	\$143,062.50 ⁽¹⁾	\$3,429.70 ⁽³⁾	\$146,492.20
Jennifer Owen			
2021	\$164,534.95	–	\$164,534.95
2020	\$138,687.50 ⁽¹⁾	\$14,850.00 ⁽⁴⁾	\$153,537.50
Murray Jordan			
2021	\$171,887.10	–	\$171,887.10
2020	\$143,062.50 ⁽¹⁾	\$4,050.00 ⁽⁵⁾	\$147,112.50
Silvana Schenone			
2021	\$10,126.39⁽⁶⁾	\$29,618.24⁽⁷⁾	\$39,744.63
Julian Cook			
2021	\$10,126.39⁽⁶⁾	\$29,618.24⁽⁷⁾	\$39,744.63
Chad Barton			
2021	\$10,126.39⁽⁶⁾	\$29,618.24⁽⁷⁾	\$39,744.63

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

(1) Non-executive directors elected to waive 50% of their Board and Committee fees for the final quarter of the financial year ended 30 June 2020.

(2) Bruce Carter retired as a director effective from 20 March 2021.

(3) Being premiums paid to SkyCity's health insurance provider during the period for the relevant director, who received the benefit of a health insurance plan that SkyCity offers to all of its employees (either at no cost or at a discounted rate).

(4) Being fees payable for consultancy services provided by Jennifer Owen in relation to the SkyCity Adelaide expansion project, which were provided as additional services outside of her capacity as a director of the company. This includes fees for consultancy services provided in FY19 but paid in FY20.

(5) Being fees payable for consultancy services provided by Murray Jordan in relation to the New Zealand International Convention Centre development, which were provided as additional services outside of his capacity as a director of the company.

(6) Silvana Schenone, Julian Cook and Chad Barton were appointed directors effective from 8 June 2021.

(7) Being fees payable for consultancy services provided to the company for the period from 29 March to 7 June 2021 (inclusive) prior to their appointment as directors on 8 June 2021.

Share Ownership in SkyCity

To further align non-executive directors' interests with those of shareholders, each non-executive director is encouraged, over a period of two years from appointment, to build up and retain shares in the company (purchased on market by each non-executive director) equivalent to at least one year of their base non-executive director fees. Following this initial two-year period, non-executive directors are then encouraged to acquire 15% of their base director fees per year.

Remuneration of Employees

This section details the company's approach to remuneration frameworks, outcomes and performance of SkyCity's Chief Executive Officer, other Group executives and employees for the financial year ended 30 June 2021.

Chief Executive Officer and Group Executives

Remuneration components are offered in the context of a total remuneration package, measured on a "total cost to the company" basis. The remuneration arrangements for each Group executive comprise both fixed and variable remuneration where the fixed portion comprises a base salary, a KiwiSaver/superannuation contribution and a limited number of other benefits and the variable portion comprises both short term incentive at-risk remuneration (**STI**) and long term incentive at-risk remuneration (**LTI**). The remuneration arrangements for the Chief Executive Officer are detailed in the 'Chief Executive Officer's Remuneration' section below.

The Board determines appropriate levels of fixed remuneration taking into account recommendations from the People and Culture Committee. The STI component is based on performance against both key financial and non-financial measures and all STI bonuses are at the ultimate discretion of the Board.

The disclosures on the following pages of this annual report reflect the total rewards earned by, although not necessarily paid to, Group executives for the financial year ended 30 June 2021 as the Board believes this approach more appropriately describes executive pay and performance. Accordingly, the following disclosures include the STI and LTI components earned by Group executives in respect of the financial year ended 30 June 2021.

Fixed Remuneration

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

Fixed remuneration is reviewed annually for each Group executive and, when appropriate, the People and Culture Committee approves remuneration increases for Group executives.

Short Term Incentive Remuneration

To drive outstanding company and individual performance, SkyCity introduced the Performance Incentive Plan (**PIP**) for Group executives and senior managers in 2018.

The PIP:

- recognises and rewards short and longer term performance by providing participants an opportunity to be further aligned with shareholders' interests by earning, subject to the company achieving its financial performance gateway, an incentive award which is delivered in cash and deferred equity awards (in the form of restricted share rights in the company); and
- provides participants the opportunity to earn a cash payment under a STI scheme and acquire restricted share rights under a deferred STI scheme.

STI Scheme Component of PIP

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

Deferred STI Component of PIP

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

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

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

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

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

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

Participants do not have the right to receive dividends in respect of restricted share rights, however if any restricted share rights vest and shares are issued or transferred to a participant, then that participant may receive, at the Board's sole discretion, a cash payment equivalent to the cash dividends declared and paid from the date of issue of the restricted share rights to the date the shares are issued or transferred to that participant. The cash payment will not include any imputation credits, franking credits or similar benefits in respect of such dividends.

In the event that a genuine error is made by, or on behalf of, the Board or the company in determining

any entitlement under the PIP, including where the company's financial statements are subsequently required to be restated, the Board may seek to recover from a participant the value of any benefits erroneously awarded to a participant under the PIP.

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

Board Discretion Exercised under the PIP and Short Term Incentive (STI) Plan

For the financial year ended 30 June 2021, the Board exercised its discretion under the PIP and STI plan by amending the mechanics that determine the individual financial objective.

Under the plan rules, the following financial goals must be satisfied for the financial goal component (being 70% of the target award) to be awarded:

- the normalised Group NPAT result for the financial year must meet or exceed the normalised Group NPAT result for the immediately preceding financial year; and
- the participant's business unit and/or department must achieve at least 95% of its financial target.

In relation to the financial year ended 30 June 2021, the first financial goal was met and the majority of the business units exceeded their financial goals - allowing for a multiplier of up to 150% of the financial objective target to be applied under the plan rules. However, the Board recognised that this outcome would not take into consideration shareholder expectations in relation to controlling cost, given the ongoing impact of the COVID-19 pandemic, as well as consideration of the potential implications of the AUSTRAC enforcement investigation into SkyCity Adelaide.

The Board therefore determined that an equitable outcome for all participants under the PIP and STI plan was to put in place one financial measure for all participants, instead of a financial measure depending on the performance of each individual participant's business unit and/or department. This approach recognises that some business units were more impacted by COVID-19 restrictions, such as lockdowns, but that all participants should be recognised for the overall financial performance of SkyCity.

The financial measure was determined by measuring the normalised Group NPAT for the financial year ended 30 June 2019 against the normalised Group NPAT for the financial year ended 30 June 2021, adjusted to account for one-offs and changes in our business (such as the earnings attributable to the operation of the car park in the financial year ended 30 June 2019) as well as the impact of the receipt of Government wage subsidies relating to the COVID-19 pandemic. This resulted in a financial multiplier of 59.7%, which is 41.8% of the 70% financial target.

The mechanics relating to individual non-financial objectives (being a target of 30%) followed the plan rules, meaning participants could earn between 50% and 150% of the non-financial target depending on their achievement of individual objectives and behaviour goals.

For the financial year ending 30 June 2022, 448 employees will be invited to participate in the PIP for the opportunity to earn a cash payment under the STI scheme - 100 of whom also have the opportunity to acquire restricted share rights under the deferred STI scheme.

Long Term Incentive Remuneration

Two LTI plans were in operation during the financial year ended 30 June 2021 for the company's most senior employees, including the Group executives. These plans were the SkyCity Senior Executive Long Term Incentive Scheme and the 2018 SkyCity Executive Long Term Incentive Plan. Copies of the plan documents and rules are available in the Governance section of the company's website at www.skycityentertainmentgroup.com.

In the financial year ended 30 June 2021, grants were made to the Chief Executive Officer and other Group executives under the 2018 SkyCity Executive Long Term Incentive Plan.

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

2018 SkyCity Executive Long Term Incentive Plan

The 2018 SkyCity Executive Long Term Incentive Plan provides participants with financial assistance by way of an interest-free loan by a subsidiary of the company to acquire shares in the company. A trustee holds legal title to the relevant shares on

behalf of those participants for a restrictive period of three years until the following performance hurdles are tested:

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

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

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

As at 30 June 2021, a total of 1,353,423 shares were issued under the 2018 SkyCity Executive Long Term Incentive Plan and held by the Public Trust on behalf of six participants. The shares vest in a participant only when performance hurdles set by the Board of directors are met.

The maximum award under the 2018 SkyCity Executive Long Term Incentive Plan is 100% of the relevant grant allocation.

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

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

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

From time to time as directed by SkyCity, the Public Trust acquires shares in the company on-market for the purposes of the company's long term incentive employee plans, including the SkyCity Senior Executive Long Term Incentive Plan and the 2018 SkyCity Executive Long Term Incentive Plan. As at 30 June 2021, the Public Trust held a total of 3,394,058 shares – 2,104,306 of which were allocated and held on behalf of eligible participants and 1,289,752 of which were unallocated and held on behalf of future participants.

Fixed Remuneration of Salaried Employees

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

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

Chief Executive Officer's Remuneration

The total remuneration earned by Michael Ahearne for duties relating to the Chief Executive Officer position for the financial year ended 30 June 2021 is outlined in the following table (covering the period from 16 November 2020 to 30 June 2021):

SALARY AND BENEFITS				EQUITY BASED REMUNERATION			TOTAL REMUNERATION
BASE SALARY	KIWISAVER	BENEFITS	SUBTOTAL	ANNUAL SHARE ENTITLEMENT ⁽¹⁾	LTI GRANT ⁽²⁾	SUBTOTAL	
\$912,994	\$29,680	\$2,783	\$945,457	\$500,000	Nil	\$500,000	\$1,445,457

(1) Calculated on the basis of 166,003 SkyCity shares issued to Mr Ahearne on his commencement in the role of Chief Executive Officer. For more details, please refer to the 'Employment Agreement' section within this remuneration report.

(2) Mr Ahearne will be allocated shares under the 2018 SkyCity Executive Long Term Incentive Plan in September 2021 for his role as Chief Executive Officer.

The total remuneration earned by Mr Ahearne for duties relating to the Chief Operating Officer position for the financial year ended 30 June 2021 is outlined in the following table (covering the period from 1 July 2020 to 15 November 2021):

SALARY AND BENEFITS					PIP OUTCOME				TOTAL REMUNERATION
BASE SALARY	KIWISAVER	BENEFITS	OTHER PAYMENTS ⁽¹⁾	SUBTOTAL	CASH STI	DEFERRED STI	LTI GRANT ⁽²⁾	SUBTOTAL	
\$384,946	\$12,556	\$1,996	\$33,488	\$432,986	\$92,160	\$92,160	\$204,950	\$389,270	\$822,256

(1) Reflects payments equivalent to the cash dividends declared and paid by SkyCity from the date of issue of restricted share rights under the Restricted Share Rights Plan and the SkyCity Performance Incentive Plan to the date they were transferred to Mr Ahearne.

(2) Calculated on the basis of 69,711 SkyCity shares allocated to Mr Ahearne under the 2018 SkyCity Executive Long Term Incentive Plan in September 2020.

(a) Equity Based Incentives Vested in the Financial Year Ended 30 June 2021

The following equity-based incentives vested to Mr Ahearne in the financial year ended 30 June 2021:

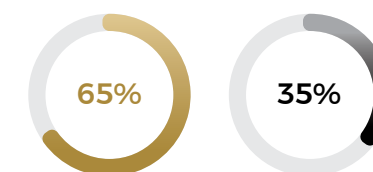
PLAN	GRANT YEAR	VESTING DATE	SECURITIES	PERFORMANCE PERIOD	PERFORMANCE MEASURE	VESTING OUTCOME	SHARES VESTED	VALUE ON VESTING
Restricted Share Rights Plan	Financial Year 2018	01/07/2020	Restricted Share Rights	01/07/2017 – 30/06/2018	Financial and Non-Financial Objectives	100% vested	49,066	\$120,996.76 ⁽¹⁾
SkyCity Performance Incentive Plan	Financial Year 2019	07/09/2020	Restricted Share Rights	01/07/2018 – 30/06/2019	Financial and Non-Financial Objectives	100% vested	28,101	\$73,911.25 ⁽²⁾

(1) Determined by multiplying the number of ordinary SkyCity shares transferred to Mr Ahearne by the volume weighted average price over the last five trading days ending on (and including) 1 July 2020 (being \$2.4660 per share).

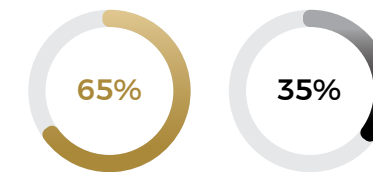
(2) Determined by multiplying the number of ordinary SkyCity shares transferred to Mr Ahearne by the volume weighted average price over the last five trading days ending on (and including) 7 September 2020 (being \$2.6302 per share).

The graphs below show the mix of remuneration that was earned by Mr Ahearne for his performance over the financial year ended 30 June 2021 for his position as Chief Executive Officer, alongside graphs illustrating the target and maximum remuneration mixes:

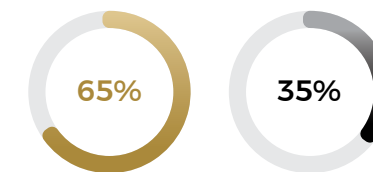
FY21 Actual Remuneration



FY21 Target Remuneration



FY21 Maximum Remuneration



● Fixed Remuneration
● Equity Based Remuneration

(b) Pay Gap

Mr Ahearne's base salary remuneration ratio to the median annualised employee base salary is 26.

(c) LTI Grant

Mr Ahearne was granted an allocation of 69,711 shares in the company equal to \$204,950 under the 2018 SkyCity Executive Long Term Incentive Plan in September 2020. This allocation relates to Mr Ahearne's position as Chief Operating Officer.

(d) Employment Agreement

Mr Ahearne's employment agreement for the position of Chief Executive Officer is dated 13 November 2020 and reflects standard conditions that are appropriate for a senior executive of a listed Australasian company.

Mr Ahearne's employment agreement may be terminated by:

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

The remuneration and benefits under Mr Ahearne's employment agreement for the position of Chief Executive Officer include a base annual salary of \$1,500,000 (inclusive of KiwiSaver contributions), an annual allocation of SkyCity Shares to the value of \$500,000 with a 12-month restrictive period, and an annual allocation under the 2018 SkyCity Executive Long Term Incentive Plan to the value of \$500,000, the first of which grant will take place in September 2021.

Mr Ahearne is not a participant in the Performance Incentive Plan in his position of Chief Executive Officer. However, he received an award under that Plan for the year ended 30 June 2021 for his role as Chief Operating Officer for the period from 1 July 2020 to 15 November 2020.

Other Group Executives' Remuneration

The total remuneration earned by Julie Amey for the period of the financial year ended 30 June 2021 she was employed in the position of Chief Financial Officer is outlined in the following table (covering the period from 2 May 2021 to 30 June 2021):

FIXED REMUNERATION				PIP OUTCOME ⁽²⁾				RELOCATION	TOTAL REMUNERATION
BASE SALARY ⁽¹⁾	KIWISAVER	OTHER BENEFITS	SUBTOTAL	CASH STI	DEFERRED STI	LTI GRANT	SUBTOTAL		
\$99,231	\$2,977	\$943	\$103,151	\$20,888	\$20,888	–	\$41,776	\$10,530	\$155,457

- (1) Reflects actual salary payments made to Ms Amey for the period from 2 May 2021 to 30 June 2021.
 (2) Reflects pro-rated entitlement under the PIP for STI and deferred STI for the period Ms Amey was employed in the position as Chief Financial Officer. Ms Amey will be granted an allocation of SkyCity shares under the 2018 SkyCity Executive Long Term Incentive Plan in September 2021 relating to the financial year ending 30 June 2022.

The total remuneration earned by Callum Mallett for the period of the financial year ended 30 June 2021 he was employed in the position of Chief Operating Officer New Zealand is outlined in the following table (covering the period from 1 February to 30 June 2021):

FIXED REMUNERATION				PIP OUTCOME ⁽²⁾				TOTAL REMUNERATION
BASE SALARY ⁽¹⁾	KIWISAVER	OTHER BENEFITS	SUBTOTAL	CASH STI	DEFERRED STI	LTI GRANT	SUBTOTAL	
\$228,462	\$6,854	\$2,423	\$237,738	\$53,765	\$53,765	–	\$107,530	\$345,268

- (1) Reflects actual salary payments made to Mr Mallett for the period from 1 February 2021 to 30 June 2021.
 (2) Reflects pro-rated entitlement under the PIP for STI and deferred STI for the period Mr Mallett was employed in the position of Chief Operating Officer New Zealand. Mr Mallett will be granted an allocation of SkyCity shares under the 2018 SkyCity Executive Long Term Incentive Plan in September 2021 relating to the financial year ending 30 June 2022.

The total remuneration earned by David Christian for the period of the financial year ended 30 June 2021 he was employed in the position of Chief Operating Officer Australia is outlined in the following table (covering the period from 1 February to 30 June 2021):

FIXED REMUNERATION			PIP OUTCOME ⁽²⁾				TOTAL REMUNERATION
BASE SALARY ⁽¹⁾	SUPERANNUATION	SUBTOTAL	CASH STI	DEFERRED STI	LTI GRANT	SUBTOTAL	
A\$197,762	A\$18,787	A\$216,549	A\$45,514	A\$45,514	–	A\$91,028	A\$307,577

- (1) Reflects actual salary payments made to Mr Christian for the period from 1 February 2021 to 30 June 2021.
 (2) Reflects pro-rated entitlement under the PIP for STI and deferred STI for the period Mr Christian was employed in the position of Chief Operating Officer Australia. Mr Christian will be granted an allocation of SkyCity shares under the 2018 SkyCity Executive Long Term Incentive Plan in September 2021 relating to the financial year ending 30 June 2022.

Remuneration and Benefits for Graeme Stephens

Graeme Stephens retired as Chief Executive Officer effective from 30 November 2020. The total remuneration received by Mr Stephens for duties relating to the Chief Executive Officer position during the financial year ended 30 June 2021 is outlined in the following table:

FIXED ANNUAL REMUNERATION				PIP OUTCOME CASH STI ⁽¹⁾	OTHER PAYMENTS ⁽²⁾	REMUNERATION AND BENEFITS RECEIVED ON TERMINATION					TOTAL REMUNERATION
BASE SALARY	KIWISAVER	BENEFITS	SUBTOTAL			SALARY IN LIEU OF NOTICE ⁽³⁾	EX-GRATIA PAYMENT ⁽⁴⁾	ANNUAL LEAVE ⁽⁵⁾	OTHER BENEFITS ⁽⁶⁾	SUBTOTAL	
\$637,093	\$19,112	\$1,614	\$657,819	\$436,389	\$110,289	\$759,836	\$529,781	\$140,145	\$26,500	\$1,456,263	\$2,660,760

- (1) Reflects entitlement under the PIP for STI for the financial year ended 30 June 2021.
 (2) Reflects payments equivalent to the cash dividends declared and paid by SkyCity from the date of issue of restricted share rights under the Restricted Share Rights Plan and the PIP to the date they were transferred to Mr Stephens.
 (3) Reflects six months' salary in lieu of notice.
 (4) Reflects a payment equivalent to four months' salary.
 (5) Reflects entitled and accrued annual leave not taken by Mr Stephens.
 (6) Reflects a payment in lieu of the provision of health insurance, KiwiSaver contributions and unused flight benefits.

In addition, Mr Stephens was awarded the following equity-based remuneration for the financial year ended 30 June 2021:

- 161,572 restricted share rights will be granted to Mr Stephens under the deferred STI component of the PIP in September 2021. The restricted share rights will vest to Mr Stephens in two equal tranches, with the first tranche vesting in September 2022 and the second tranche vesting in September 2023; and
- 361,827 SkyCity shares were allocated to Mr Stephens under the 2018 SkyCity Executive Long Term Incentive Plan in September 2020 with a testing date of 17 September 2023. These shares will only vest to Mr Stephens if the performance criteria, detailed under the 'Long Term Incentive Remuneration' section above, are met on the testing date.

The following equity-based incentives vested to Mr Stephens in the financial year ended 30 June 2021:

PLAN	GRANT YEAR	VESTING DATE	SECURITIES	PERFORMANCE PERIOD	PERFORMANCE MEASURE	VESTING OUTCOME	SHARES VESTED	VALUE ON VESTING
Restricted Share Rights Plan	Financial Year 2018	01/07/2020	Restricted Share Rights	01/07/2017 – 30/06/2018	Financial and Non-Financial Objectives	100% vested	251,238	\$619,552 ⁽¹⁾
SkyCity Performance Incentive Plan	Financial Year 2019	07/09/2020	Restricted Share Rights	01/07/2018 – 30/06/2019	Financial and Non-Financial Objectives	100% vested	97,936	\$257,591 ⁽²⁾

- (1) Determined by multiplying the number of ordinary SkyCity shares transferred to Mr Stephens by the volume weighted average price over the last five trading days ending on (and including) 1 July 2020 (being \$2.4660 per share).
 (2) Determined by multiplying the number of ordinary SkyCity shares transferred to Mr Stephens by the volume weighted average price over the last five trading days ending on (and including) 7 September 2020 (being \$2.6302 per share).

Mr Stephens continues to be eligible to have shares transferred to him:

- under the SkyCity Executive Long Term Incentive Plan for allocations relating to the financial year ended 30 June 2018, subject to the performance conditions being satisfied on the relevant performance testing date;
- under the 2018 SkyCity Executive Long Term Incentive Plan for allocations relating to the financial years ended 30 June 2019, 30 June 2020 and 30 June 2021, subject to the performance conditions being satisfied on the relevant performance testing dates; and
- under the PIP, on the second anniversary of the Declaration Date for the year ended 30 June 2019 (being 6 September 2021).

Group Executive Security Holdings

The following table summarises the acquisitions and disposals of relevant interests in SkyCity securities during the period to 30 June 2021 by the current Chief Executive Officer and Chief Operating Officer Australia. No acquisitions or disposals were made during the period by the current Chief Financial Officer and Chief Operating Officer New Zealand.

GROUP EXECUTIVE	NATURE OF RELEVANT INTEREST	NATURE OF SECURITY	DATE OF TRANSACTION DURING PERIOD	CONSIDERATION (PER SECURITY)	ACQUIRED/ (DISPOSED)
Michael Ahearne Chief Executive Officer	Beneficially owned	Shares	01/07/2020	Nil ⁽¹⁾	49,066
	Beneficially owned	Shares	09/07/2020	\$2.38 ⁽²⁾	8,403
	Beneficially owned	Shares	07/09/2020	Nil ⁽¹⁾	28,101
	Beneficially owned ⁽⁵⁾	Shares (LTI 2020)	30/09/2020	\$2.94	69,711
David Christian Chief Operating Officer Australia	Beneficially owned	Shares	04/05/2021	Nil ⁽⁴⁾	(94,261)
	Beneficially owned ⁽⁵⁾	Shares	04/05/2021	Nil ⁽⁴⁾	94,261

The above disclosures relate to each Group executive during such period as he/she held the relevant role.

- (1) Shares transferred pursuant to the terms of the 2018 SkyCity Restricted Share Rights Plan.
 (2) Acquisition of new shares pursuant to the share purchase plan announced by SkyCity on 17 June 2020.
 (3) Held by the Public Trust in accordance with the 2018 SkyCity Executive Long Term Incentive Plan.
 (4) Shares transferred pursuant to a personal reorganisation.
 (5) Shares held by Bond Street Custodians Pty Ltd.

The following table summarises the relevant interests in SkyCity securities held by the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer New Zealand and Chief Operating Officer Australia as at 30 June 2021:

GROUP EXECUTIVE	NATURE OF SECURITY	TOTAL HELD AS AT 30 JUNE 2021
Michael Ahearne Chief Executive Officer	Shares	120,570
	Shares	166,084 ⁽¹⁾
Julie Amey Chief Financial Officer	N/A	Nil
Callum Mallett Chief Operating Officer New Zealand	Shares	85,819
	Shares	30,000 ⁽²⁾
David Christian Chief Operating Officer Australia	Shares	169,626 ⁽³⁾

- (1) Shares held by the Public Trust in accordance with the 2018 SkyCity Executive Long Term Incentive Plan.
 (2) Shares held by the Public Trust in accordance with the 2009 SkyCity Executive Long Term Incentive Plan.
 (3) Shares held by Bond Street Custodians Pty Ltd.

LTI Vesting Calculations

During the financial year ended 30 June 2021, the following vesting calculations were completed:

- August 2016 LTI:** the third (and final) test was completed. No shares have vested to executives in respect of the 2016 allocation. All unvested shares were accordingly forfeited in accordance with the terms of the SkyCity Senior Executive Long Term Incentive Plan; and
- August 2017 LTI:** the first and second tests were completed. To date, no shares have vested to executives in respect of the 2017 allocation. The third (and final) test will take place during August 2021 and any shares that do not vest at that time will be forfeited in accordance with the terms of the SkyCity Senior Executive Long Term Incentive Plan.

Employee Remuneration

The number of employees or former employees of the company and its subsidiaries, not being directors of the company, who received remuneration and other benefits in their capacity as employees, the value of which was in excess of \$100,000 and was paid to those employees during the financial year ended 30 June 2021, are listed in the table.

For the purposes of the table, remuneration includes, where applicable (if any), (a) salary; (b) short term cash bonuses; (c) health insurance premiums and other health benefits; (d) the value of shares expected to vest under the 2020 SkyCity Performance Incentive Plan; (e) the value of share rights expensed during the year (including PAYE and PAYG on vested share rights, but excluding accrued PAYE and PAYG on unvested share rights) under the SkyCity Senior Executive Long Term Incentive Plan and the 2018 SkyCity Executive Long Term Incentive Plan; (f) the value of commencement shares expensed during the year; (g) sign-on cash payments; and (h) settlement payments and payments in lieu of notice with respect to certain employees upon their departure from the company.

REMUNERATION	NUMBER OF EMPLOYEES
\$100,000-\$109,999	69
\$110,000-\$119,999	57
\$120,000-\$129,999	44
\$130,000-\$139,999	25
\$140,000-\$149,999	16
\$150,000-\$159,999	18
\$160,000-\$169,999	16
\$170,000-\$179,999	10
\$180,000-\$189,999	8
\$190,000-\$199,999	14
\$200,000-\$209,999	11
\$210,000-\$219,999	7
\$220,000-\$229,999	6
\$230,000-\$239,999	3
\$240,000-\$249,999	3
\$250,000-\$259,999	1
\$260,000-\$269,999	2
\$270,000-\$279,999	2
\$280,000-\$289,999	1
\$290,000-\$299,999	1
\$310,000-\$319,999	2
\$320,000-\$329,999	1
\$330,000-\$339,999	3
\$340,000-\$349,999	2
\$350,000-\$359,999	2
\$390,000-\$399,999	1
\$400,000-\$409,999	1
\$420,000-\$429,999	1
\$430,000-\$439,999	1
\$450,000-\$459,999	1
\$520,000-\$529,999	3
\$560,000-\$569,999	2
\$580,000-\$589,999	1
\$590,000-\$599,999	1
\$630,000-\$639,999	1
\$640,000-\$649,999	1
\$730,000-\$739,999	1
\$1,790,000-\$1,799,999	1
\$2,620,000-\$2,629,999	1
TOTAL	341



Twenty Largest Registered Shareholders as at 1 August 2021

	NUMBER OF SHARES	% OF SHARES
1. HSBC Custody Nominees (Australia) Limited	106,157,389	13.96%
2. JP Morgan Nominees Australia Limited	89,129,857	11.72%
3. Citicorp Nominees Pty Limited	60,731,654	7.99%
4. HSBC Nominees (New Zealand) Limited – NZCSD	53,585,486	7.05%
5. Citibank Nominees (New Zealand) Limited – NZCSD	46,714,257	6.15%
6. Accident Compensation Corporation – NZCSD	35,070,066	4.61%
7. HSBC Nominees (New Zealand) Limited A/C State Street – NZCSD	32,261,558	4.24%
8. JPMorgan Chase Bank NA NZ Branch-Segregated Clients Acct – NZCSD	19,821,588	2.61%
9. BNP Paribas Noms Pty Ltd	19,147,212	2.52%
10. BNP Paribas Nominees Pty Ltd	18,839,987	2.48%
11. BNP Paribas Nominees (NZ) Limited – NZCSD	18,012,059	2.37%
12. HSBC Nominees A/C NZ Superannuation Fund Nominees Limited – NZCSD	16,131,421	2.12%
13. ANZ Custodial Services New Zealand Limited – NZCSD	13,323,928	1.75%
14. National Nominees Limited	12,318,845	1.62%
15. New Zealand Depository Nominee Limited	12,132,394	1.60%
16. BNP Paribas Nominees (NZ) Limited – NZCSD	11,543,997	1.52%
17. ANZ Wholesale Australasian Share Fund – NZCSD	8,810,026	1.16%
18. Citicorp Nominees Pty Limited	6,782,190	0.89%
19. Masfen Securities Limited	5,750,986	0.76%
20. PT (Booster Investments) Nominees Limited	5,525,682	0.73%
Total	591,790,582	77.85%

Total ordinary shares on issue as at 1 August 2021 were 760,205,209 of which 3,394,058 were held in aggregate by the Public Trust on behalf of eligible and future participants pursuant to the SkyCity Senior Executive Long Term Incentive Plan and 2018 SkyCity Executive Long Term Incentive Plan.

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

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

Distribution of Ordinary Shares and Registered Shareholdings as at 1 August 2021

	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES	PERCENTAGE OF TOTAL ORDINARY SHARES IN THE COMPANY
1-1,000	4,839	1,873,991	0.25%
1,001-5,000	6,431	17,511,818	2.30%
5,001-10,000	2,586	18,495,859	2.43%
10,001-100,000	2,613	63,724,540	8.38%
> 100,000	148	658,599,001	86.64%
Total	16,617	760,205,209	100%

As at 1 August 2021, there were 1,517 shareholders (with a total of 92,385 shares) holding less than a marketable parcel of shares under the ASX Listing Rules, based on the closing share price of A\$3.04.

The ASX Listing Rules define a marketable parcel of shares as a parcel of shares of not less than A\$500.

Substantial Security Holders

The following persons had given notice as at 30 June 2021, in accordance with subpart 5 of Part 5 of the New Zealand Financial Markets Conduct Act 2013, that they were substantial security holders in the company and held a relevant interest in the number of ordinary shares shown below.

	DATE OF SUBSTANTIAL SECURITY NOTICE	RELEVANT INTEREST IN NUMBER OF SHARES	% OF SHARES HELD AT DATE OF NOTICE
The Vanguard Group, Inc	19/12/2018	36,018,413	5.278%
Investors Mutual Ltd	08/12/2020	42,319,188	5.57%
Yarra Management Nominees Pty Ltd and TA Universal Investment Holdings Ltd	14/04/2021	65,593,783	8.6284%
AustralianSuper Pty Ltd	05/05/2021	45,844,429	6.03%
Commonwealth Bank of Australia	07/05/2021	46,350,211	6.097%

Substantial security holder notices received since 30 June 2021 can be viewed at www.nzx.com/companies/SKC/announcements.

The total number of listed voting securities of SkyCity Entertainment Group Limited as at 30 June 2021 was 760,205,209.

Bonds

On 21 May 2021, the company issued 175 million unsecured, unsubordinated, fixed rate, six-year bonds at an issue price of \$1.00 per bond. The bonds pay a fixed rate of interest of 3.02% per annum until the maturity date and are quoted on the NZX Debt Market under the ticker code 'SKC050'.

Twenty Largest Registered Bondholders as at 1 August 2021

	NUMBER OF BONDS	% OF BONDS
1. Forsyth Barr Custodians Limited	47,015,000	26.87%
2. Custodial Services Limited	31,590,000	18.05%
3. FNZ Custodians Limited	23,227,000	13.27%
4. Hobson Wealth Custodian Limited	12,955,000	7.40%
5. BNP Paribas Nominees (NZ) Limited - NZCSD	12,080,000	6.90%
6. National Nominees Limited - NZCSD	5,900,000	3.37%
7. HSBC Nominees (New Zealand) Limited - NZCSD	5,776,000	3.30%
8. Investment Custodial Services Limited	3,811,000	2.18%
9. JBWere (NZ) Nominees Limited	2,476,000	1.42%
10. BNP Paribas Nominees (NZ) Limited - NZCSD	1,911,000	1.09%
11. FNZ Custodians Limited	1,731,000	0.99%
12. Forsyth Barr Custodians Limited	1,365,000	0.78%
13. Forsyth Barr Custodians Limited	1,237,000	0.71%
14. FNZ Custodians Limited	939,000	0.54%
15. Woolf Fisher Trust Incorporated	815,000	0.47%
16. Falstaff Investments Limited	770,000	0.44%
17. Tea Custodians Limited Client Property Trust Account - NZCSD	610,000	0.35%
18. Custodial Services Limited	590,000	0.34%
19. Kiwigold.co.nz Limited	500,000	0.29%
20. Queen Street Nominees ACF Hobson Wealth - NZCSD	500,000	0.29%
Total	155,798,000	89.03%

Distribution of Bonds and Registered Holdings as at 1 August 2021

	NUMBER OF BONDHOLDERS	NUMBER OF BONDS	PERCENTAGE OF TOTAL BONDS ISSUED
1,000-5,000	31	155,000	0.09%
5,001-10,000	122	1,172,000	0.67%
10,001-100,000	415	13,433,000	7.68%
> 100,000	46	160,240,000	91.56%
Total	614	175,000,000	100%

Directors' Disclosures

Disclosure of Directors' Interests

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

The following are particulars included in the company's Interests Register as at 30 June 2021 (notices given by directors during the financial year ended 30 June 2021 are marked with an asterisk):

Rob Campbell (Chair)		Murray Jordan	
Ara Ake Limited	Chair*	Asia Pacific Village Group Limited	Director*
Auckland University of Technology	Chancellor*	Asia Pacific Village Holdings Limited	Director*
He Toutou Mo Te Ahika Trust	Trustee*	Chorus Limited	Director
New Zealand Rural Land Company Limited	Chair	Foodstuffs' Members Protection Trust	Trustee
NZ Equity Partners	Investment Committee Member	Metcash Limited	Director
Paau Wealth Management Limited	Advisory Board Member	Metlifecare Limited	Director*
Precinct Properties New Zealand Limited	Director and Shareholder	Real Clarity Limited	Director and Shareholder
RC Custodian Limited	Director	Southern Cross Benefits Limited	Director
Tourism Holdings Limited	Chair and Shareholder	Southern Cross Health Trust	Trustee
Tutanekai Investments Limited	Director and Shareholder	Southern Cross Hospitals Limited	Director
Ultrafast Fibre Limited	Director	Southern Cross Medical Care Society	Director
VGI Partners Limited	Advisory Director*	Starship Foundation	Trustee
WEL Networks Limited	Chair	Stevenson Group Limited	Director
		The Foodstuffs Co-operative Perpetuation Trust	Trustee
Sue Suckling		Silvana Schenone	
5th Element Limited	Chair*	MinterEllisonRuddWatts	Partner*
Eat My Lunch Limited	Chair*	New Zealand Takeovers Panel	Member*
Insurance & Financial Services Ombudsman Scheme Commission	Chair	OnBeingBold Limited	Director*
Jacobsen Holdings Limited	Chair	Sequin Family Trust	Independent Trustee*
Jade Software Corporation Limited	Chair		
Rubix Limited	Chair	Julian Cook	
Sue Suckling Holdings Limited	Managing Director	Motutapu Investments Limited	Director*
Taska Prosthetics Limited	Chair*	WEL Networks Limited	Director*
Jennifer Owen		Chad Barton	
Aspire Child Care (Mascot) Pty Ltd	Director	Bain & Company	External Advisor*
Owen Gaming Research	Principal	Casheaw Pty Limited	Chair and Shareholder*
		Neurological Research Australia (NeuRA)	Director*
		Nuix Limited	Interim Chief Financial Officer*

The following details included in the Interests Register as at 30 June 2020, or entered during the financial year ended 30 June 2021, have been removed during the financial year ended 30 June 2021:

- Rob Campbell is no longer Chair of Summerset Group Holdings Limited; and
- Sue Suckling is no longer Chair of Brannigans Consulting Limited, Soltians Limited or Zag Limited.

Directors' and Senior Managers' Indemnities

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

Disclosure of Directors' Interests in Securities Transactions

Directors disclosed, pursuant to section 148 of the New Zealand Companies Act 1993, the following acquisitions and disposals of relevant interests in SkyCity securities during the period to 30 June 2021:

DIRECTOR	NATURE OF RELEVANT INTEREST	NATURE OF SECURITY	DATE OF TRANSACTION DURING PERIOD	CONSIDERATION (PER SECURITY)	ACQUIRED/(DISPOSED)
Rob Campbell	Beneficially owned ⁽¹⁾	Shares	09/07/2020	\$2.38 ⁽²⁾	21,008
	Beneficially owned ⁽¹⁾	Shares	04/09/2020	\$2.60	5,000
	Beneficially owned ⁽¹⁾	Shares	23/02/2021	\$2.90	5,000
Bruce Carter ⁽³⁾	Beneficially owned ⁽⁴⁾	Shares	09/07/2020	A\$2.24 ⁽²⁾	20,983
Sue Suckling	Beneficially owned ⁽⁵⁾	Shares	09/07/2020	\$2.38 ⁽²⁾	21,008
Jennifer Owen	Beneficially owned ⁽⁶⁾	Shares	09/07/2020	A\$2.24 ⁽²⁾	20,983
	Beneficially owned ⁽⁶⁾	Shares	22/10/2020	A\$2.79	20,000
Murray Jordan	Beneficially owned ⁽⁷⁾	Shares	09/07/2020	\$2.38 ⁽²⁾	21,008

(1) Shares held by FNZ Custodians Limited on behalf of Tutanekai Investments Limited.

(2) Acquisition of new shares pursuant to the share purchase plan announced by SkyCity on 17 June 2020.

(3) Bruce Carter resigned as a director effective from 20 March 2021.

(4) Shares held by Tarquay Pty Limited on trust for Tarquay Superannuation Fund.

(5) Shares held by the trustees of The Sue Suckling Family Trust.

(6) Shares held by the trustee of the Owen & Paull Retirement Fund.

(7) Shares held by the trustees of Endeavour Trust.

Disclosure of Directors' Interests in Securities

Directors disclosed the following relevant interests in SkyCity securities as at 30 June 2021:

DIRECTOR	NATURE OF SECURITY	TOTAL HELD AS AT 30 JUNE 2021
Rob Campbell	Shares	101,936 ⁽¹⁾
Sue Suckling	Shares	60,949 ⁽²⁾
Jennifer Owen	Shares	75,983 ⁽³⁾
Murray Jordan	Shares	94,706 ⁽⁴⁾
Silvana Schenone	Fixed Rate Bonds	160,000 ⁽⁵⁾
Julian Cook	Shares	100,000 ⁽⁶⁾
Chad Barton	N/A	Nil

(1) Shares held by FNZ Custodians Limited on behalf of Tutanekai Investments Limited.

(2) Shares held by the trustees of The Sue Suckling Family Trust.

(3) Shares held by the trustee of the Owen & Paull Retirement Fund.

(4) Shares held by the trustees of Endeavour Trust.

(5) Non-beneficially owned bonds held by Silvana Schenone as independent trustee of the Sequin Family Trust.

(6) Shares held by Motutapu Investments Limited.

Company Disclosures

Stock Exchange Listings

SkyCity Entertainment Group Limited is a listed issuer with ordinary shares quoted on both the NZX Main Board and ASX (in each case, under the ticker code 'SKC') and bonds quoted on the NZX Debt Market (under the ticker code 'SKC050').

SkyCity Entertainment Group Limited has been designated as 'Non-Standard' by the NZX due to the nature of the company's constitution. In particular, the constitution places restrictions on the transfer of shares in the company in certain circumstances and provides that votes and other rights attached to shares may be disregarded and shares may be sold if these restrictions are breached, as more particularly described on pages 156 and 157 of this annual report.

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

SkyCity Entertainment Group Limited

The following persons held office as directors of SkyCity Entertainment Group Limited as at 30 June 2021:

DIRECTORS	APPOINTMENT TO OFFICE
Rob Campbell (Chair)	25 June 2017
Sue Suckling	9 May 2011
Jennifer Owen	5 December 2016
Murray Jordan	5 December 2016
Silvana Schenone	8 June 2021
Julian Cook	8 June 2021
Chad Barton	8 June 2021

Bruce Carter ceased to hold office as a director of SkyCity Entertainment Group Limited effective from 20 March 2021.

Subsidiary Companies

The following persons held office as directors of subsidiaries of SkyCity Entertainment Group Limited as at 30 June 2021:

NEW ZEALAND SUBSIDIARIES	
Directors	Michael Ahearne, Jo Wong
Companies	Cashel Asset Management Limited Horizon Tourism (New Zealand) Limited Lets Play Live Media Limited New Zealand International Convention Centre Limited Otago Casinos Limited Queenstown Casinos Limited Sky Tower Limited SkyCity Action Management Limited SkyCity Auckland Limited SkyCity Auckland Holdings Limited SkyCity Casino Management Limited SkyCity Development Limited SkyCity Enterprises Limited SkyCity Hamilton Limited SkyCity Holdings Limited SkyCity International Holdings Limited SkyCity Investments Australia Limited SkyCity Investments Queenstown Limited SkyCity Management Limited SkyCity Precinct Limited SkyCity Projects Limited SkyCity Properties Limited SkyCity Properties Albert St Limited SkyCity Properties Victoria St Limited SkyCity Ventures Limited TNZ Esports Limited

OVERSEAS SUBSIDIARIES	
Directors	Michael Ahearne, Jo Wong
Companies	Horizon Tourism Limited SkyCity Investment Holdings Limited
Directors	Michael Ahearne, Jo Wong, David Christian
Companies	LPL Media Pty Limited SkyCity Adelaide Pty Limited SkyCity Australia Finance Pty Limited SkyCity Australia Pty Limited SkyCity Treasury Australia Pty Limited
Directors	Steve Salmon, Joe Borg
Company	SkyCity Malta Limited
Directors	Steve Salmon, WH Management Limited
Company	SkyCity Malta Holdings Limited
Directors	Steve Salmon, Michael Ahearne
Company	SkyCity Management (UK) Limited

For the financial year ended 30 June 2021, SkyCity paid director's fees of:

- €12,000 (plus VAT) to WH Partners for professional services provided by Joe Borg in relation to his directorship of SkyCity Malta Limited; and
- €6,000 (plus VAT) to WH Management Limited for professional services provided in relation to its directorship of SkyCity Malta Holdings Limited.

No director's fees were paid to, or received by, any other director of a subsidiary company during the financial year ended 30 June 2021.

Waivers from the New Zealand and Australian Stock Exchanges

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

- on 17 September 2019, NZX granted SkyCity a waiver from NZX Listing Rule 8.1.5 (which provides that no benefit or right attaching to a quoted financial product may be cancelled or varied by reason only of a transfer of that quoted financial product) to the extent that that rule would otherwise prevent SkyCity from suspending voting rights or requiring a transfer of shares in accordance with the provisions set out in the company's constitution. Further details of those provisions are set out below. The waiver was granted following the introduction of new NZX Listing Rules on 1 January 2019 and effectively re-documents prior decisions of NZX Regulation in respect of the same matters; and
- a class waiver and ruling issued by NZX dated 3 April 2020 in relation to NZX Listing Rules 3.5.1, 3.5.3, 3.6.1 and 3.12.1, which, in light of the challenges posed by COVID-19, provided issuers with up to an additional 30 days to prepare and release results announcements (including preliminary interim and full year financial statements).

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

Voting Rights Attached to Securities

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

resolution put to the shareholders.

There are no voting rights attached to SkyCity's debt securities although bondholders are welcome to attend the annual meeting of shareholders.

Limitations on Acquisitions of Ordinary Shares

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

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

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

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

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

Clause 11.12 of the constitution provides that if a transfer of shares results in the transferee, and the persons associated with that transferee:

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

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

- each regulatory authority advises that approval is not needed; or

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

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

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

During the financial year ended 30 June 2021, the Board considered all such transfers and was satisfied in each case that the registration of the relevant transfer would not prejudice any casino licence.

Donations

Donations of \$15,924.50 were made by the company during the financial year ended 30 June 2021 (\$104,244 during the financial year ended 30 June 2020).

Other Legislation and Requirements

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

Other than the provisions included in the company's constitution, the only significant restrictions or limitations in relation to the

acquisition of securities are those imposed by New Zealand laws relating to takeover, overseas investment and competition.

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

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

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

Escrow and Buy Back Arrangements

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

From time to time, the Public Trust acquires shares in the company on-market for the purposes of the company's long term incentive employee plans as detailed in the remuneration report on pages 138 – 149 in this annual report. In addition, SkyCity (or a nominee or agent of SkyCity) may, from time to time, acquire existing shares in the company to satisfy its obligations to participating shareholders under the company's Dividend Reinvestment Plan established in February 2011.

Credit Rating

As at the date of this annual report, SkyCity Entertainment Group Limited has a BBB- rating (stable outlook) from S&P Global Ratings.

Financial Statements and Notes

for the year ended 30 June 2021

These financial statements were signed on 24 August 2021 on behalf of the Board of directors of SkyCity Entertainment Group Limited by:



Rob Campbell
Chair



Jennifer Owen
Chair of the Audit and Risk Committee



Independent auditor's report

To the shareholders of SkyCity Entertainment Group Limited

Our opinion

In our opinion, the accompanying financial statements of SkyCity Entertainment Group Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 30 June 2021, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

What we have audited

The Group's financial statements on pages 166 to 217 which comprise:

- the balance sheet as at 30 June 2021;
- the income statement for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

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

Independence

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

Our firm carries out other services for the Group in the areas of tax compliance, tax advisory, providing market survey data relating to executive remuneration levels, the prior licensing of a software tool for subsidiary statutory financial statements' preparation, other assurance services in relation to compliance with banking and debt covenants and agreed-upon-procedure services in relation to the allocation of Community Trust Revenue, the application of revenue under the Australian JobKeeper Scheme, the reconciliation of normalised results to reported results and scrutineering of the vote count at the Annual General Meeting. The provision of these other services has not impaired our independence as auditor of the Group.

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Key audit matters

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

Description of the key audit matter	How our audit addressed the key audit matter
<p>Accounting for the NZICC fire</p> <p>As disclosed in note 6 to the financial statements, the extent of damage and insurance recovery pertaining to the New Zealand International Convention Centre (NZICC) and adjacent Hobson Street Hotel (HSH) as a result of the fire, have been re-estimated by an independent external expert engaged by the Group, Rider Levett Bucknall Auckland Limited (RLB). These estimates, along with information provided by Fletcher Construction Company Limited (the Contractor) inform the Group's view of the contracts work insurance recovery. Adjustments have been made by the Group to the cost of remediation estimate provided by RLB to exclude: pre-remediation expenses (site preparation and cleaning costs) which are recognised separately as other recoveries when incurred; and costs for which the recoverability has not been assessed as virtually certain.</p> <p>As a result, in the year ended 30 June 2021 additional contract works insurance recovery of \$43.6 million has been recognised as NZICC fire related income and an additional \$34.7 million of capitalised work in progress has been derecognised, offset by a release from the deferred licence value liability of \$7.5 million.</p> <p>Expert investigation in respect of the damage sustained and remediation works required remains ongoing and as a result, the estimates are highly sensitive and continue to be based on limited information.</p>	<p>We have performed an assessment of the Group's estimates and related judgements, by:</p> <ul style="list-style-type: none"> • Reviewing the RLB expert reports on the estimated extent of damage and the estimated cost of reinstatement; • Critically assessing the facts and circumstances, assumptions and methodology underpinning the key estimates through meetings with management and their expert, partaking on a guided tour of the NZICC and HSH sites and comparison of RLB's reports to information provided by the Contractor; and • Reviewing legal advice obtained by management which supports the judgement the Group has made regarding the likelihood of recovering other costs. <p>Additionally, we have:</p> <ul style="list-style-type: none"> • Assessed the professional competence, independence and objectivity of the Group's damage and insurance recovery estimate expert; • Checked the mathematical accuracy of the underlying calculations of the fire related adjustments; • Assessed the recoverability of the insurance recoveries recognised giving consideration to the credit risk of the respective insurers; • Substantively tested a sample of other recoveries back to supporting documentation to validate the amounts recorded during the year; • Reviewed the Group's agreement with the Crown to extend the long stop date; and • Considered the adequacy of the related financial statement disclosures.



Description of the key audit matter	How our audit addressed the key audit matter
<p>The most significant assumptions, and associated risk to the estimates provided, relate to the integrity of the structural steel, extent of damage to the facade of the NZICC, the percentage of contingency included in the estimates, and the timeline for remediation. Any changes to these and other assumptions can significantly impact the amounts recorded.</p> <p>Other recoveries of \$127.2 million have also been recognised in the year, which primarily relate to site preparation, demolition and clean up costs on-charged by the Contractor. The assessment of recoverability of these costs as virtually certain is a key judgement and for some of these costs the judgement is supported by legal advice received by the Group.</p> <p>There is significant estimation uncertainty inherent in the balances recorded on the balance sheet and the amounts recognised in the income statement pertaining to the accounting implications of the fire.</p> <p>During the year, the Crown agreed to an extension of the Completion Long Stop Date included in the New Zealand International Convention Centre Project and Licensing Agreement. The revised date is 15 December 2027 and completion is expected before this date.</p>	
<p>Impairment considerations in respect of goodwill and other intangible assets, including the ongoing impact of COVID-19</p> <p>At 30 June 2021, the carrying amount of goodwill and casino licences totalled \$585.4 million (30 June 2020: \$589.5 million). Refer to note 24 of the financial statements.</p> <p>Accounting standards require an entity to assess at the end of each reporting period whether there is any indication that an asset may be impaired. There is also a requirement to perform an impairment assessment of goodwill and other indefinite life intangible assets at least annually.</p>	<p>For the Auckland and Hamilton CGUs, we performed the following audit procedures:</p> <ul style="list-style-type: none"> • Understood the process undertaken by management to prepare the forecast cash flows; • Compared the forecast cash flows used for FY22 to the Board approved business plan; • Considered and challenged key assumptions, in particular those underpinning earnings before interest, tax, depreciation and amortisation (EBITDA) margin and the ongoing impacts of COVID-19; • Engaged our auditor's valuation expert to assess management's valuation conclusions and key assumptions, including the pre tax discount rates and terminal growth rates; and



Description of the key audit matter	How our audit addressed the key audit matter
<p>The Group performed an impairment assessment for the Auckland and Hamilton cash generating units (CGUs), both of which include indefinite life intangible assets. An assessment of the value in use using discounted cash flow forecast (DCF) models was prepared for both of these CGUs.</p> <p>An impairment assessment was also prepared in relation to the Adelaide CGU which includes a finite life intangible asset, the Adelaide casino licence. In the prior year, the Group recorded an impairment charge of \$160.6 million against the Adelaide casino licence. The Group considered there to be indicators that the CGU may be further impaired due to the ongoing impact of the COVID-19 global pandemic on the business.</p> <p>The Group engaged a valuation expert to perform an independent valuation of the Adelaide CGU which was prepared using a DCF model under the fair value less costs of disposal (FVL COD) method.</p> <p>Impairment testing is a key focus of our audit due to the materiality of the balances and the significant level of management estimation and judgement in determining the key assumptions used in the impairment assessments. The most significant of these judgements and sensitivities are disclosed in note 24.</p> <p>In relation to the Auckland and Hamilton CGUs, the recoverable amount exceeds the carrying amount and no impairment has been recorded.</p> <p>In relation to Adelaide, the impairment review and independent valuation concluded on a valuation of the CGU within a reasonable range, the mid point of which implied a potential impairment reversal of \$5.7 million at 30 June 2021 (with the low end of the range suggesting an increase in impairment of \$16.9 million and the high end suggesting a reversal of impairment of \$31.2 million).</p>	<ul style="list-style-type: none"> Compared historical performance against budget, investigated material differences and considered the impact on future cash flow forecasts. <p>For the Adelaide CGU, we performed the following audit procedures on the independent valuation prepared by management's expert:</p> <ul style="list-style-type: none"> Understood the process undertaken by management to prepare the forecast cash flows; Compared the forecast cash flows used for FY22 to the Board approved business plan; Considered the adoption by the Board of the five year forecast included in management's expert's valuation; Compared historical performance against budget, investigated material differences and considered the impact on future cash flow forecasts; Considered and challenged key assumptions including the ongoing impacts of COVID-19, international business strategy and the key drivers of EBITDA growth and overall business performance, with reference to external evidence where possible; Engaged our auditor's valuation expert to: <ul style="list-style-type: none"> Assess and challenge key assumptions, including the discount and terminal growth rates; Assess the reasonableness of the 2% cost of disposal assumption applied under the FVL COD method; and Evaluate the valuation conclusions and cross checks performed by management's valuation expert with reference to external market evidence. In conjunction with our auditor's valuation expert, we met with management's valuation expert to understand and challenge the valuation approach and key assumptions, including the ongoing impact of COVID-19, in particular the impact on international business;



Description of the key audit matter	How our audit addressed the key audit matter
<p>However, given the uncertainties associated with forecasting in a COVID-19 environment, and acknowledging the sensitivities of the valuation to small changes in assumptions as disclosed in note 24, management determined that the current period valuation range did not warrant a reversal of the impairment recognised in the prior period nor any additional impairment.</p>	<ul style="list-style-type: none"> Considered the key drivers for movements in both the independent valuation of the CGU and the carrying value of the CGU from the prior year. Assessed whether the valuation conclusion supports both no impairment reversal and no further impairment, noting consistent with the prior year that there remains significant uncertainty in forecasting in a COVID-19 environment for the Group; and Considered and challenged the extent of disclosure provided in note 24 to the financial statements, with particular emphasis on the valuation sensitivities. <p>For all CGUs, we assessed the appropriateness of disclosures made in the financial statements including those for key assumptions and sensitivities.</p>

Our audit approach

Overview

	<p>Overall group materiality: \$8.0 million, which represents approximately 5% of weighted-average profit before tax from continuing operations over the past four years, excluding the net gain on the Auckland car park concession transaction, NZICC fire related income, NZICC fire related expenses and income from liquidated damages, recorded in either or both the current and prior years.</p> <p>We chose profit before tax from continuing operations, which is a generally accepted benchmark, because in our view, it is the benchmark against which the performance of the Group is most commonly measured by users.</p> <p>We chose to use a weighted average of the last four years and to adjust it as described above because, in our view, it provides a more stable measure of the Group's performance.</p>
	<p>Our Group audit focused on the major operating subsidiaries which were selected based on their contribution to the Group's revenue. In aggregate, the subsidiaries selected for full scope audits contributed 96% of the Group's revenue. We performed analytical review procedures over the other subsidiaries.</p>
	<p>As reported above, we have two key audit matters, being:</p> <ul style="list-style-type: none"> Accounting for the NZICC fire Impairment considerations in respect of goodwill and other intangible assets, including the ongoing impact of COVID-19.



As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

How we tailored our group audit scope

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

The materiality levels applied in the full scope audits for selected subsidiaries are performed at a materiality level determined by reference to a proportion of Group materiality appropriate to the relative scale of the subsidiary concerned.

The structure of the Group means the majority of the audit work for the Group is performed by the New Zealand Group audit team. Our Group audit team also included people based in Australia who supported us in executing our audit procedures and brought knowledge of the trading environment and legal and regulatory framework in Adelaide.

Information other than the financial statements and auditor's report

The Directors are responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

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



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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

<https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-1/>

This description forms part of our auditor's report.

Who we report to

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

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

For and on behalf of:

Chartered Accountants
24 August 2021

Auckland

Income Statement

For the year ended 30 June 2021

	NOTES	2021	2020
Continuing Operations		\$'000	\$'000
Revenue	3	713,216	641,653
Other income	4, 5	67,936	98,924
Share of losses from associates		-	(83)
NZICC fire related income	6(a)	170,727	384,500
NZICC fire related expenses	6(b)	(141,845)	(108,090)
Employee benefits expense		(269,126)	(284,867)
Asset impairment	7	(8,834)	(160,600)
Other expenses	7	(108,482)	(91,332)
Directors' fees		(962)	(900)
Gaming taxes		(36,253)	(30,254)
Direct consumables		(45,428)	(60,039)
Marketing and communications		(18,718)	(16,184)
Community contributions, levies and sponsorships		(12,289)	(10,382)
Fair value adjustments on investment properties	15	7,386	(14,055)
Earnings Before Interest, Tax, Depreciation and Amortisation Expenses (EBITDA)		317,328	348,291
Depreciation and amortisation expense	7	(89,519)	(85,446)
Depreciation on right-of-use assets	10	(1,894)	(1,114)
Earnings Before Interest and Tax (EBIT)		225,915	261,731
Net finance costs	11	(32,455)	(28,613)
Profit Before Income Tax		193,460	233,118
Income tax (expense)/benefit	18	(37,334)	2,152
Profit from continuing operations		156,126	235,270
Profit from discontinued operations		-	118
Profit for the Year Attributable to Shareholders of the Company		156,126	235,388
Earnings per share for Profit Attributable to the Shareholders of the Company		CENTS	CENTS
Basic and diluted earnings per share	8	20.6	35.4

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

Statement of Comprehensive Income

For the year ended 30 June 2021

	NOTES	2021	2020
		\$'000	\$'000
Profit for the Year		156,126	235,388
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Asset Revaluation Reserve			
Asset revaluation reserve – revaluation on transfer to investment property	30	8,755	5,936
Asset revaluation reserve – income tax		(1,921)	-
		6,834	5,936
Items that may be subsequently reclassified to profit or loss			
Foreign Currency Translation Reserve	30		
Exchange differences on translation of overseas subsidiaries		(4,669)	6,285
Cash flow Hedge Reserve	30		
Cash flow hedges – revaluations		(24,859)	9,154
Cash flow hedges – transfer to finance costs		35,790	(5,143)
Cash flow hedges – income tax		(3,076)	(1,239)
Cost of Hedging Reserve	30		
Cost of hedging reserve – costs incurred/revaluations		(6)	(113)
Cost of hedging reserve – transfer to finance cost		463	462
Cost of hedging reserve – income tax		(128)	(98)
		3,515	9,308
Other Comprehensive Income for the Year, Net of Tax		10,349	15,244
Total Comprehensive Income for the Year		166,475	250,632

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

Balance Sheet

As at 30 June 2021

	NOTES	2021	2020
		\$'000	\$'000
ASSETS			
Current Assets			
Cash and bank balances	26	49,940	54,224
Receivables and prepayments	25	33,405	42,252
Derivative financial instruments	31	156	53,288
Inventories		7,187	6,628
Current tax receivables		-	1,989
NZICC fire recoveries	6(c)	175,352	49,571
Assets held for sale	27	13,517	11,019
Total Current Assets		279,557	218,971
Non-current Assets			
Property, plant and equipment	23	1,370,762	1,528,902
Intangible assets	24	646,326	649,531
Finance lease receivable	4	11,605	10,574
Derivative financial instruments	31	4,109	23,100
Investment properties	15	124,368	72,400
Deferred tax assets	19	9,344	6,877
Right-of-use asset	10	126,755	51,967
NZICC fire recoveries	6(d)	233,000	227,000
Total Non-current Assets		2,526,269	2,570,351
Total Assets		2,805,826	2,789,322

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

Balance Sheet (continued)

As at 30 June 2021

	NOTES	2021	2020
		\$'000	\$'000
LIABILITIES			
Current Liabilities			
Payables and provisions	28	200,165	221,842
Interest bearing liabilities	13	48,031	302,509
Current tax liabilities		16,256	776
Derivative financial instruments	31	-	6,113
Lease liabilities	10	3,014	485
Deferred licence value	16	1,963	153,165
Total Current Liabilities		269,429	684,890
Non-current Liabilities			
Interest bearing liabilities	12	440,964	282,731
Non-current payables		20,317	10,569
Lease income in advance	22	36,310	39,815
Derivative financial instruments	31	7,528	24,375
Deferred tax liabilities	20	57,031	45,175
Lease liabilities	10	115,793	52,188
Deferred licence value	17	207,436	214,972
Total Non-current Liabilities		885,379	669,825
Total Liabilities		1,154,808	1,354,715
Net Assets		1,651,018	1,434,607
EQUITY			
Share capital	29	1,338,223	1,288,287
Reserves	30	(22,972)	(33,321)
Retained earnings		335,767	179,641
Total Equity		1,651,018	1,434,607

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

Statement of Changes in Equity

For the year ended 30 June 2021

	NOTES	SHARE CAPITAL	RESERVES	RETAINED EARNINGS	TOTAL EQUITY
		\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2019		1,126,996	(48,565)	77,541	1,155,972
Total comprehensive income		-	15,244	235,388	250,632
Dividends paid	9	-	-	(133,288)	(133,288)
Equity raising	29	177,160	-	-	177,160
Share rights issued for employee service	29	3,698	-	-	3,698
Net movement in treasury shares	29	436	-	-	436
Buy back and cancellation of shares		(20,003)	-	-	(20,003)
Balance as at 30 June 2020		1,288,287	(33,321)	179,641	1,434,607
Balance as at 1 July 2020		1,288,287	(33,321)	179,641	1,434,607
Total comprehensive income		-	10,349	156,126	166,475
Equity raising	29	48,737	-	-	48,737
Share rights issued for employee service	29	3,253	-	-	3,253
Net movement in treasury shares	29	(2,054)	-	-	(2,054)
Balance as at 30 June 2021		1,338,223	(22,972)	335,767	1,651,018

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

Statement of Cash Flows

For the year ended 30 June 2021

	NOTES	2021 \$'000	2020 \$'000
Cash Flows from Operating Activities			
Receipts from customers		718,898	655,470
Payments to suppliers and employees		(397,713)	(480,613)
Government grants		28,643	27,354
		349,828	202,211
Gaming taxes and levies paid		(46,074)	(40,988)
Income taxes paid		(15,569)	(41,057)
Net Cash Inflow from Operating Activities	38	288,185	120,166
Cash Flows from Investing Activities			
Capital additions		(171,673)	(326,877)
Purchased intangible assets		(5,799)	(20,515)
Auckland car park concession disposal		-	128,946
NZICC fire related income		30,533	106,000
NZICC fire related costs		(108,040)	(26,638)
Lease income received in advance		-	39,815
Net Cash Outflow from Investing Activities		(254,979)	(99,269)
Cash Flows from Financing Activities			
Issue of new share capital		46,683	177,597
Cash flows associated with derivatives		17,669	(2,327)
New borrowings		208,031	45,814
Repayment of borrowings		(267,447)	(34,127)
Dividends paid to company shareholders	9	-	(133,288)
Interest paid		(35,857)	(41,444)
Lease interest paid		(2,879)	-
Buy back of share capital		-	(20,003)
Repayment of lease liabilities		(3,690)	(469)
Net Cash Outflow from Financing Activities		(37,490)	(8,247)
Net (Decrease)/Increase in Cash and Bank Balances	14	(4,284)	12,650
Cash and bank balances at the beginning of the year		54,224	41,574
Cash and Bank Balances at the End of the Year	26	49,940	54,224

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

1 Summary of Significant Accounting Policies

SkyCity Entertainment Group Limited (**Company**) and its subsidiaries (together, **SkyCity** or the **Group**) operate in the gaming, entertainment, hotel, convention, hospitality and tourism sectors. The Group has operations in New Zealand and Australia.

SkyCity is a limited liability company incorporated and domiciled in New Zealand. The Company is registered under the Companies Act 1993 and is an FMC reporting entity under Part 7 of the Financial Markets Conduct Act 2013. The address of its registered office is 99 Albert Street, Auckland. The Company is dual-listed on the New Zealand and Australian stock exchanges (NZX and ASX respectively).

These consolidated financial statements were approved for issue by the Board of directors on 24 August 2021.

For the purposes of complying with generally accepted accounting practice in New Zealand (GAAP), the Group is a for-profit entity.

(a) Basis of Preparation

The financial statements of the Group have been prepared in accordance with GAAP. They comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS), International Financial Reporting Standards (IFRS), the requirements of Part 7 of the Financial Markets Conduct Act 2013 and the NZX Main Board Listing Rules.

The Group financial statements incorporate the assets and liabilities of all subsidiaries of the Group as at 30 June 2021 and the results of all subsidiaries for the year then ended.

Measurement Basis

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets and liabilities, as identified in the accounting policies below and in the notes.

Presentation Currency

The financial statements are presented in New Zealand dollars, which is the Company's functional currency. Amounts are rounded to the nearest thousand dollars, unless otherwise stated.

Non-GAAP Financial Information

The Group's standard profit measure prepared under GAAP is profit for the year. When discussing financial performance, the Group also uses non-GAAP financial information, which is not prepared in accordance with NZ IFRS and therefore may not be comparable to similar financial information presented by other entities. The directors and management believe that this non-GAAP financial information provides useful information to readers of the financial statements to assist in the understanding of the Group's financial performance and is consistent with the information used internally to evaluate the performance of business units.

Definitions of non-GAAP financial information used in these financial statements are:

- EBITDA: Earnings before interest, tax, depreciation and amortisation; and
- EBIT: Earnings before interest and tax

Critical Accounting Estimates and Judgements

The preparation of financial statements requires the use of certain critical accounting estimates and the exercise of judgement regarding the application of accounting policies. The critical estimates and judgements made in the preparation of these financial statements relate to the following:

- goodwill and casino licences that have an indefinite useful life are impairment tested annually, which requires the use of key estimates. Details of the estimates made are provided in note 24;
- the SkyCity Adelaide casino licence, which has a finite useful life, was impaired in the prior period and consequently was tested for impairment in the current period. This impairment testing required the use of key estimates, which are discussed in note 24(c);
- as reported in the Group's 30 June 2020 financial statements, in October 2019 there was a significant fire at the construction site of the New Zealand International Convention Centre (**NZICC**). Accounting for the consequences of the fire has required the exercise of judgement and the use of estimates. Details of the judgements and estimates made are provided in note 6;
- investment properties are carried at fair value. Determining the fair value of properties requires the use of estimates. Details of estimates made are provided in note 15; and

- properties that were transferred from property, plant and equipment to investment properties at 30 June 2021 were revalued to fair value prior to the transfer, which required the use of key estimates. Details of estimates made are provided in note 15.

(b) COVID-19

On 11 March 2020, the World Health Organization declared a global pandemic as a result of the outbreak and spread of COVID-19. As a result of the pandemic, SkyCity has faced a number of closures and other trading restrictions during the 2020 and 2021 financial years.

In the comparative period, SkyCity took a number of actions to manage the impacts of COVID-19. Those actions included a rapid restructure of the New Zealand workforce, the implementation of cost and capital savings initiatives, an equity raising, the arrangement of new bank facilities and securing covenant waivers in relation to lending facilities. The financial impacts of COVID-19 in the comparative period included a reduction in revenue, the receipt of wage subsidies from the New Zealand and Australian Governments, increased impairment of accounts receivable, reductions in the fair value of investment properties and the impairment of the SkyCity Adelaide casino licence. Full details of the impacts of COVID-19 on the comparative period are disclosed in the 30 June 2020 financial statements.

During the current year:

- the SkyCity Auckland site was closed from 12 August to 30 August 2020, 15 February to 17 February 2021 and 28 February to 6 March 2021 and operated with social distancing restrictions from 30 August to 8 October 2020, 18 February to 22 February 2021 and 7 March to 11 March 2021;
- the SkyCity Adelaide site was closed for three days from 18 November 2020 and operated under government social distancing restrictions for the majority of the remainder of the year;
- the Group has continued to receive both the New Zealand Government wage subsidy and Australian JobKeeper payments (note 5); and
- the SkyCity Board resolved to voluntarily return a portion of the New Zealand Government wage subsidy and Australian JobKeeper payments that it had received (note 5).

Subsequent to the reporting date, the SkyCity Adelaide site has again been closed due to COVID-19 trading restrictions imposed by the South Australian Government, and all New Zealand sites have been closed due to restrictions imposed by the New Zealand Government (note 39).

There are inherent uncertainties in both New Zealand and Australia relating to forecasting earnings in the COVID-19 environment. That notwithstanding, due to the capital raise conducted in the prior year, and the funding available through the syndicated banking facility, the directors have determined that there are no material uncertainties related to SkyCity being a going concern. Accordingly, the directors have concluded that it is appropriate that these financial statements continue to be prepared on a going concern basis.

(c) Principles of Consolidation

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

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

(d) Foreign Currency Translation

(i) Transactions and Balances

Items included in the financial statements of each Group entity are measured using that entity's functional currency (which is the currency that best reflects the economic substance of the events and circumstances relevant to that operation).

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

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

(ii) Foreign Operations

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

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

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

(e) Goods and Services Tax (GST)

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

(f) Statement of Cash Flows

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

(g) New Accounting Standards Adopted in the Year

The accounting policies that materially affect recognition and measurement in the financial statements have been applied on a basis consistent with the prior year.

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

There are no published new or amended standards or interpretations that become effective on or after 1 July 2021 that would have a material impact on the Group's financial statements.

(i) Future Change in Intangible Assets Accounting Policy

In March 2021, the IFRS Interpretations Committee (**Committee**), which is responsible for interpreting the application of IFRS, issued an agenda decision that the costs incurred in configuring and customising software provided under software as a service arrangements (**SaaS**) must be expensed unless they:

- create an intangible asset, separate from the software, that the customer controls; or
- are paid to the supplier of the cloud-based software for significant customisation work, in which case the costs are recorded as a prepayment for services and amortised over the expected term of the SaaS arrangement.

The Committee's agenda decision was ratified by the International Accounting Standards Board in April 2021.

Compliance with the Committee's decision necessitates a change to SkyCity's intangible assets accounting policy, as SkyCity has to date recognised such costs as intangible assets. Making this change will require a retrospective restatement of prior period financial statements in the year in which the revised accounting policy is adopted. To implement this change, SkyCity is currently examining all historically capitalised software configuration and customisation costs relating to SaaS arrangements to identify the level of restatement required. Given the number and complexity of the Group's software arrangements, SkyCity has decided to implement the revised accounting policy in the 30 June 2022 annual financial statements, with full compliance in the 31 December 2021 interim financial statements.

While the financial impact of the revised accounting policy is still being quantified, it is likely to be material for financial reporting purposes. The change will reduce intangible assets and associated amortisation, increase operating expenses, and reclassify the relevant spend from an investing to an operating cashflow. The change may also result in the recognition of prepayments.

2 Segment Information

Operating segments are reported in a manner consistent with the internal reports that the Chief Executive Officer (CEO), who is the chief operating decision maker, uses to assess performance and allocate resources.

(a) Primary Reporting Format – Business Segments

	SKYCITY AUCKLAND	OTHER NZ OPERATIONS	SKYCITY ADELAIDE	INTERNATIONAL BUSINESS	CORPORATE /GROUP	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2021						
Gaming revenue	345,737	65,360	143,937	24,547	–	579,581
Online revenue	–	13,140	–	–	–	13,140
Non-gaming revenue	81,300	10,129	36,359	35	–	127,823
Other income	9,640	1,220	16,596	–	980	28,436
NZICC fire income	170,727	–	–	–	–	170,727
Liquidated damages	39,500	–	–	–	–	39,500
Total revenue	646,904	89,849	196,892	24,582	980	959,207
Expenses	(243,805)	(43,307)	(154,622)	(21,474)	(36,826)	(500,034)
NZICC fire expenses	(141,845)	–	–	–	–	(141,845)
Depreciation and amortisation	(45,514)	(5,887)	(22,794)	–	(17,218)	(91,413)
Segment profit/(loss) (EBIT)	215,740	40,655	19,476	3,108	(53,064)	225,915
Net finance costs						(32,455)
Profit before income tax						193,460
Segment assets	1,924,219	109,669	597,282	(15,679)	190,335	2,805,826
Net additions to non-current assets (other than financial assets and deferred tax)	52,660	3,783	149,900	–	12,217	218,560
2020						
Gaming revenue	312,282	51,554	90,995	75,948	–	530,779
Online revenue	–	4,521	–	–	–	4,521
Non-gaming revenue	118,094	8,738	18,824	–	–	145,656
Other income	20,586	2,428	8,327	8	1,144	32,493
NZICC fire income	384,500	–	–	–	–	384,500
Sale of Auckland car park concession	66,431	–	–	–	–	66,431
Total revenue	901,893	67,241	118,146	75,956	1,144	1,164,380
Shares of net profits/(losses) of associates	–	(83)	–	–	–	(83)
Expenses	(292,198)	(41,625)	(107,126)	(72,184)	(34,183)	(547,316)
Impairment of goodwill	–	–	(160,600)	–	–	(160,600)
NZICC fire expenses	(108,090)	–	–	–	–	(108,090)
Depreciation and amortisation	(46,073)	(6,159)	(19,090)	–	(15,238)	(86,560)
Segment profit/(loss) (EBIT)	455,532	19,374	(168,670)	3,772	(48,277)	261,731
Net finance costs (including discontinued operations)						(28,613)
Less: Discontinued operations before tax						118
Profit before income tax from continuing operations						(28,495)
Segment assets	1,738,081	100,891	617,139	–	333,211	2,789,322
Net additions to non-current assets (other than financial assets and deferred tax)	147,380	9,573	229,369	–	19,692	406,014

(b) Secondary Reporting Format – Geographical Segments

	TOTAL REVENUE		NON-CURRENT ASSETS EXCLUDING FINANCIAL INSTRUMENTS AND DEFERRED TAX ASSETS	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
New Zealand	745,932	1,021,158	1,931,543	1,951,348
Australia	213,275	143,222	581,273	589,026
	959,207	1,164,380	2,512,816	2,540,374

(c) Description of Segments

The Group is organised into the following main operating segments:

SkyCity Auckland

This segment consists of the Group's Auckland operations and includes casino operations, hotels and conventions (including the NZICC), food and beverage, Sky Tower, investment properties and a number of other related activities. This segment does not include International Business operations.

Other NZ Operations

This segment consists of the Group's operations at SkyCity Hamilton, SkyCity Queenstown and SkyCity Wharf, Lets Play Live Media and online gaming. This segment does not include International Business operations.

SkyCity Adelaide

This segment consists of the Group's Adelaide operations, which comprise casino operations, hotel and food and beverage. This segment does not include International Business operations.

International Business

This segment comprises gaming operations for international customers, most of whom are from Asia. The revenue is generated at SkyCity's Auckland, Adelaide, Queenstown and Hamilton locations. The results of the segment include commission and complimentary play. No assets are allocated to this segment.

Corporate/Group

This segment includes head office functions and funding entities. It is not considered an operating segment.

3 Revenue**Accounting Policy**

Gaming revenues represent the net win to the casino from gaming activities, being the difference between amounts wagered and amounts won by casino patrons. Revenue is recognised at the conclusion of each game. International Business rebates are accounted for as a reduction in gaming revenue.

The revenue from the online casino is from New Zealand based players using technology developed by and under a Malta gaming licence held by Gaming Innovation Group Inc (**GiG**). SkyCity is not the principal transacting with casino customers. Revenue is reported net of GiG costs allowable under the arrangement.

Non-gaming revenues include revenues arising from hotels and conventions, food and beverage, Sky Tower, car parking and other sources. These revenues are recognised when the associated goods or services have been provided.

	2021	2020
	\$'000	\$'000
Gaming	572,253	491,477
Non-gaming	127,823	145,655
Online gaming	13,140	4,521
Total revenue	713,216	641,653

The Group provides complimentary hotel accommodation, food and beverage and other goods and services to certain groups of customers. As the goods and services offered under these arrangements are tailored to meet the needs of individual customers, it is not practical to allocate total revenue received to all of the goods and services provided. Consequently, this revenue is all recognised as gaming revenue. The retail value of complimentary items provided in the current year was \$18.9 million (2020: \$19.5 million).

	NOTES	2021	2020
		\$'000	\$'000
Reconciliation to the segment note			
Total revenue	3	713,216	641,653
Gain on sale of Auckland car park concession	4	-	66,431
Other income	5	1,622	3,310
Government grants	5	26,814	29,183
Liquidated damages	5	39,500	-
NZICC fire income	6	170,727	384,500
Total revenue as per Income Statement		951,879	1,125,077
International Business rebates		7,328	39,303
Total revenue as per segment note		959,207	1,164,380

4 Auckland Car Park Transaction

	2021	2020
	\$'000	\$'000
Net gain on sale of the Auckland car park concession	-	66,431
	-	66,431

On 4 April 2019, the Group announced it had entered into a binding, conditional agreement to sell a long term concession to 2048 over the Auckland car parks to Macquarie for \$220.0 million, to be paid upfront in a lump sum on completion.

The agreement:

- gives Macquarie the right to undertake the operations and management of the approximately 3,200 car parks under the existing Auckland casino/hotel complex and the NZICC currently under construction, with all economic benefit of ownership passed to Macquarie for the concession period;
- provides SkyCity with exclusive access to 450 car parks, which will be used for VIP customers, to be paid for by SkyCity irrespective of use (these are known as the "nested car parks"); and
- provides SkyCity with non-exclusive access to further car parks at agreed rates on a pay per use basis (these are known as the "unnested car parks"). These car parks will also be available to the public.

On 19 August 2019, the Auckland car park concession transaction was completed and SkyCity received \$220.0 million. Macquarie took over the main site car park and the initial 600 NZICC car parks and was to be provided with approximately 650 further NZICC car parks no later than 31 December 2020. However, due to the NZICC fire (see note 6), that did not occur.

Nested Car Parks

The Group determined that it retains the significant risks and rewards of ownership of these car parks. As a result, the Group continued to recognise the car parks as its property, plant and equipment and has recognised its obligation to Macquarie as a financial liability. The liability was initially recognised at its fair value of \$45.8 million.

Main Site and Initial 600 NZICC Unnested Car Parks

The Group determined, based on an evaluation of the terms and conditions of the arrangement, including the proportion of the \$220.0 million concession payment relating to these car parks amounting to substantially all of the fair value of these car parks, that substantially all the significant risks and rewards of ownership of these unnested car parks passed to the concession holder on 19 August 2019. Therefore, this part of the concession payment has been accounted for as a finance lease (note 12).

As a result of this determination, as at 19 August 2019:

- the carrying value of these car parks of \$96.6 million was derecognised;
- a finance lease receivable of \$133.2 million for these car parks was recognised and immediately settled in cash by the upfront payment;
- a finance lease receivable of \$9.9 million was recognised for the residual value of these car parks (the value beyond the period of the concession term);
- an adjustment to the deferred licence value liability associated with the NZICC of \$24.2 million was recognised in the Income Statement; and
- a resulting gain of \$66.4 million was recognised in the Income Statement.

In determining the carrying value, judgement was required to distinguish the value of the unnested car parks from the value of the Auckland casino/hotel asset. Judgement was also required to determine the carrying value of the initial 600 NZICC car parks.

Remaining Approximately 650 Further NZICC Unnested Car Parks

At 30 June 2020, the Group determined, given the inability to determine when these car parks would be provided to Macquarie, that it was likely that this part of the concession should be treated as an operating lease and the car parks classified as investment property. On that basis, in 2020, \$27.1 million of costs associated with these car parks were transferred from property, plant and equipment (note 23) to investment properties (note 15) and the Group treated \$39.8 million of the \$220.0 million concession payment as lease income received in advance.

From January 2021, delay payments to Macquarie have been deducted from the \$39.8 million allocation of the concession payment for the purposes of making the lease determination. As a result, the portion of the concession payment relating to these car parks would not amount to substantially all of the fair value of these car parks; consequently, classification as an operating lease remained appropriate.

As a result of the updated NZICC damage estimates (see note 6), a further \$2.2 million has been transferred from property plant and equipment (note 23) to investment properties (note 15) in the current year.

5 Other Income

	2021	2020
	\$'000	\$'000
Net (loss)/gain on disposal of property, plant and equipment	(528)	348
Dividend income	2	9
Rental income from investment properties	2,148	2,953
Government grants	26,814	29,183
Liquidated damages	39,500	-
	67,936	32,493

Government Grants

As part of its COVID-19 response, the New Zealand Government introduced a wage subsidy scheme to enable businesses to retain employees. SkyCity met the eligibility criteria for that scheme and applied for, and received, \$10.2 million of subsidies for the current financial year (30 June 2020: \$20.9 million).

The Australian Government also introduced wage subsidies (referred to as JobKeeper payments) as part of its response to the COVID-19 pandemic. SkyCity met the eligibility criteria for that scheme and applied for, and received, \$16.6 million (A\$15.4 million) of JobKeeper payments for the current financial year (30 June 2020: NZ\$8.3 million, A\$7.8 million).

Despite having met all of the respective eligibility criteria for the New Zealand wage subsidy scheme and JobKeeper payments, in June 2021 the SkyCity Board resolved to make a voluntary repayment of \$6.7 million of wage subsidies received from the New Zealand Government and \$3.3 million (A\$3.1 million) of JobKeeper payments received from the Australian Government. These amounts are recognised as an expense (note 7) and as a provision at 30 June 2021 (note 28). The \$6.7 million voluntary repayment to the New Zealand Government was made on 27 July 2021. It is anticipated that the voluntary repayment to the Australian Government will be made in September 2021 (note 39).

Liquidated Damages

Included within the Fletcher Construction Company Limited (**FCC** or the **Contractor**) construction contracts for the NZICC and Horizon Hotel is the right to liquidated damages if certain milestones are not met. To 30 June 2020, SkyCity withheld \$39.5 million from payments to FCC and disclosed this amount as a contingent asset for liquidated damages. As part of a settlement agreement signed on 30 November 2020, FCC agreed to not challenge retention of the amount, and accordingly \$39.5 million has been recognised as other income in the current financial period.

6 NZICC Fire

On 22 October 2019, there was a significant fire at the NZICC construction site. The fire caused extensive damage to the NZICC and also damaged Horizon Hotel, which is being constructed on the adjacent site. The Group has appointed an independent expert, Rider Levett Bucknall Auckland Limited (**RLB**), to assist with assessing the value of damage from the fire and the cost of remediation. The damage assessment and reconstruction scope process is still underway by the Contractor.

The NZICC is being built under an agreement between the Group and the Crown. Under that agreement, the NZICC must be completed by a specified date, referred to as the completion long stop date. Subsequent to the reporting date, the Crown has agreed to an extension of the completion long stop date – the revised date is now 15 December 2027 (previously 2 January 2025). SkyCity expects to complete the NZICC before this date.

Both NZICC and Horizon Hotel are insured, and the insurers have acknowledged the fire event and confirmed that SkyCity's contract works policy will respond in relation to damage caused by the fire. Any costs not covered by insurance are expected to be incurred by or sought from FCC who is the contractor constructing both buildings.

In accounting for the impact of the fire, a number of significant judgements and estimates have been made. The most significant assumptions, and associated risk to the estimates provided, relate to the extent of the damage to the structural steel and facade of the NZICC building and the uncertain cost to remediate, the percentage of contingency included in the estimates, and the timeline for remediation. These judgements and estimates will continue to be reviewed as new information becomes available. It is possible that the actual financial impacts of the fire will differ from those included in these financial statements and those differences may be material. Details of further judgements and estimates made are provided throughout this note.

(a) Income

	2021	2020
	\$'000	\$'000
Other income		
Contract works insurance recovery	43,600	336,702
Other recoveries	127,127	37,456
Liquidated damages (Nelson Street car park access)	-	10,342
	170,727	384,500

Contract Works Insurance Recovery

The accounting treatment of the insurance recovery for the damage is dependent on the relationship between SkyCity, the insurers and the Contractor. Consequently, determining the nature of this relationship is a key judgement. It is the Group's view, supported by legal advice, that SkyCity is the principal in the insurance relationship and therefore receives, and has control over, all insurance proceeds. As a result of this relationship, the Group recognises the expected insurance proceeds for reconstruction of the fire damage as income and a receivable. Payments to the Contractor for the reconstruction are separately capitalised as the development of the new assets occurs over time.

While the insurers have acknowledged the fire event and confirmed that SkyCity's contracts works policy will respond in relation to the damage caused by the fire to the NZICC and Horizon Hotel, the final insurance recovery for the reinstatement costs will be dependent on the final view of the insurer as the claims are presented. The damage assessment and reconstruction scope process is still underway by the Contractor so no complete reconstruction cost or damage estimates have been confirmed at this stage. Accordingly, the Group has engaged RLB to estimate reconstruction costs. These estimates along with information provided by the Contractor inform the Group's view of the contracts work insurance recovery. Adjustments have been made by the Group to the estimates provided by RLB to exclude pre-remediation expenses (site preparation and clearing costs), which are recognised separately as other recoveries when incurred and to remove

costs for which the recoverability has not been assessed to be virtually certain at this stage. RLB's estimates are based on limited information and are highly sensitive to the actual extent of damage and could be further affected by potential market movements in construction costs. RLB has been provided with various updates and briefings by the Contractor, SkyCity and its advisors to assist them in preparing their estimate.

For the NZICC, the insurance recovery for the reconstruction costs after taking into account the above adjustments has been estimated to be between \$365.0 million and \$450.0 million (2020: between \$330.0 million and \$375.0 million). For Horizon Hotel, the insurance recovery for the reconstruction costs has been estimated at between \$14.6 million and \$21.0 million (2020: \$6.0 million). The Group has assumed an insurance recovery for both buildings of \$379.6 million (2020: \$336.0 million), being the lower end of the NZICC and Horizon Hotel ranges. The Group considers recovery of this amount to be virtually certain.

Given the uncertainty involved in making this assessment, both amounts include a significant contingency (the \$365.0 million amount includes a 20% contingency, while the \$450.0 million amount includes a 35% contingency).

These estimates are highly sensitive to the actual extent of damage and the ultimate insurance recovery may differ, potentially materially, from the current assessment.

Other Recoveries

In addition to recovery of the expected reconstruction costs, the Group seeks recovery of additional items, which are recognised as other recoveries when they are incurred and meet the virtual certainty threshold. These primarily relate to site preparation, demolition and clearing costs on-charged by the Contractor but also include:

- business interruption costs and lost gross profit while the Auckland precinct was closed or affected by the fire;
- payments required to be made by SkyCity to Macquarie under the Auckland Car Park Concession Agreement (for lack of access to the NZICC car parks);
- costs of professional advisers assisting the Group as a result of the fire;
- insurance premiums and other project costs for additional periods due to construction delays; and
- additional ongoing costs as a result of the fire.

In the current period, recovery of costs incurred of \$127.1 million (2020: \$37.5 million) has been assessed to be virtually certain with the recovery of an additional \$14.4 million (2020: \$8.9 million) assessed as probable and therefore disclosed as a contingent asset (note 36). The assessment of recoverability of these costs as virtually certain or probable is a key judgement and for some of these costs the judgement is supported by legal advice received by the Group (note 36).

Initial recovery for these additional items will be sought from insurers where appropriate. To the extent recovery under the Group's insurance policies is not available, recovery will be sought from the Contractor, including all insurance excesses.

(b) Expenses

	2021	2020
	\$'000	\$'000
Write-off of NZICC and Horizon Hotel capitalised work-in-progress	34,713	193,868
Release from deferred licence value liability	(7,536)	(165,785)
NZICC obligation	(6,551)	43,047
Site preparation, demolition and other costs	121,219	36,960
	141,845	108,090

Write-off of NZICC and Horizon Hotel Capitalised Work-in-Progress

The fire is accounted for as the disposal of the damaged asset and the purchase of new or part replacement of repaired component parts. As a result, the carrying value of the damaged/destroyed parts of the NZICC and Horizon Hotel are expensed. As the investigation of the extent of damage continues, more damaged components may be identified and written off.

Based on updated estimates provided by RLB, the Group has estimated that approximately 55% (30 June 2020: 52%) of the NZICC and 13% (30 June 2020: 5%) of the Horizon Hotel construction work to date has been destroyed and will need to be replaced. As a result, approximately \$228.6 million of costs previously capitalised as work in progress in property, plant and equipment have been written off. This is an increase of \$34.7 million in the current financial year (note 23).

This estimate is highly sensitive to the actual extent of damage and the ultimate write off may differ

materially once further assessment of the damage to both buildings has been completed.

Future costs (external and internal) related to the replacement of the derecognised asset components will be capitalised as incurred as a new asset.

Release from Deferred Licence Value Liability

In 2016, SkyCity accounted for the granting of the NZICC Auckland casino licence enhancements and recognised a deferred licence value liability of \$405.0 million. Based on the Group's accounting policy adopted in 2014 (at the time of recognising the Adelaide casino licence enhancements), this amount was to be accounted for as a reduction in the carrying value of the NZICC upon completion.

The deferred licence value would normally be allocated against each component asset of the NZICC upon completion, and therefore when derecognising some components (as detailed above) there is also a requirement under the Group's accounting policy to release a portion of the deferred licence value liability.

The amount of the release has been estimated at \$173.3 million (30 June 2020: \$165.8 million) based on the latest estimated percentage of damage to the NZICC. This represents 45.5% (30 June 2020: 43.5%) of the remaining deferred licence value liability (the NZICC was estimated to be 83% complete prior to the fire). The updated estimated damage percentage has resulted in a \$7.5 million release of the deferred licence value liability in the current financial period.

The ultimate transfer of the deferred licence value liability is highly sensitive to the actual extent of damage and may differ from this assessment once further assessment of the damage to NZICC has been completed. As a result, it is possible the amount of the deferred licence value liability transferred may change materially.

Refer to note 17 for details of the deferred licence value liability release.

NZICC Obligation

The Group has recognised a liability to reconstruct the assets associated with the initial 600 NZICC car parks that are required to be provided to Macquarie (note 4). The Group has estimated this to be \$36.5 million (30 June 2020: \$43.0 million), based on an estimate prepared by RLB.

The ultimate cost for reconstructing these assets may differ materially from this assessment once detailed planning is completed and the actual extent of the damage is known.

Site Preparation, Demolition and Other Costs

These costs primarily relate to site preparation and clearing costs on-charged by the Contractor. These costs are generally recoverable from the insurers. To the extent that recovery of these costs is considered virtually certain, a matching amount is included in NZICC fire income above.

(c) Current Assets

	2021	2020
	\$'000	\$'000
Insurance recoveries for damages to the NZICC and Horizon Hotel	380,302	336,702
Other recoveries	164,583	37,456
Recovery of liquidated damages	-	8,413
Payments received from the insurers	(136,533)	(106,000)
Reclassification to non-current receivables (refer note below)	(233,000)	(227,000)
	175,352	49,571

These assets relate to:

Insurance Recovery for Damage to the NZICC and Horizon Hotel

Insurance recoveries to cover the reinstatement to the pre fire condition include amounts related to the damage to the NZICC (\$365.0 million, 30 June 2020: \$330.0 million), Horizon Hotel (\$14.6 million; 30 June 2020: \$6.0 million) and various ICT equipment (\$0.7 million; 30 June 2020 \$0.7 million).

Other Recoveries

These recoveries primarily relate to site preparation, demolition and clearing costs incurred and on-charged by the Contractor (note 6a). The Group believes that recovery of this amount is virtually certain.

Payments Received from the Insurers

To date, the Group has received payment from the insurers of \$135.5 million towards site preparation, clearing costs and the cost of remediation.

The Group has also received an initial \$1.0 million payment from insurers towards its business interruption claim.

(d) Non-current Assets

	2021	2020
	\$'000	\$'000
Insurance recoveries for damages to the NZICC and Horizon Hotel	233,000	227,000
	233,000	227,000

The split between current and non-current is based on estimated cash flows associated with the anticipated timing of the reconstruction.

7 Expenses

	2021	2020
	\$'000	\$'000
Other Expenses		
Utilities, insurance and rates	22,848	21,949
Onerous contract expense (relating to the Wharf Casino lease)	986	958
Other property expenses	17,247	13,325
ICT related expenses	15,835	13,796
Professional fees	8,678	8,376
Other items	32,062	26,043
Government grants repaid (note 5)	10,006	-
Expenses relating to short-term leases and leases of low-value assets	803	1,203
Impairment of receivables	17	5,682
	108,482	91,332
Depreciation and Amortisation (excluding right-of-use assets)		
Depreciation	73,151	67,459
Casino licence amortisation (Adelaide)	2,629	5,507
Computer software amortisation	13,666	12,480
Gaming machine entitlements amortisation	73	-
	89,519	85,446
Impairment		
Impairment of property plant and equipment (note 23)	8,834	-
Impairment of intangible assets (note 24)	-	160,600
	8,834	160,600

Reclassification of Expenses

In the current period, a number of expenses have been reclassified to more closely align with internal reporting. Expenses for the comparative period have also been reclassified to be consistent with the current year's expense classification. There has been no impact on total expenses or profit.

Auditor's Fees

During the year the fees outlined in the table below were incurred for services provided by the Company's auditor and its related practices.

The Group employs PricewaterhouseCoopers (**PwC**) on assignments additional to their statutory audit duties where PwC's expertise and experience with the Group are important and auditor independence is not impaired. For other work, the Group's External Audit Independence Policy requires advisers other than PwC to be engaged wherever practicable.

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

PwC also undertook:

- agreed-upon procedures in relation to the Group's Community Trust allocation of revenue; assessment of the application of revenue under the Australian JobKeeper scheme; assessment of the normalisation of revenue disclosed in the annual report; and scrutineering of the vote count at the Company's annual meeting; and
- other assurance engagements in relation to compliance with banking and debt covenants.

	2021	2020
	\$'000	\$'000
(a) Assurance and Agreed upon Procedure Services		
Audit and review of financial statements		
PwC New Zealand	888	755
PwC Australia	52	74
PwC Hong Kong	24	23
PwC Malta	51	42
Total audit and review fees	1,015	894
Performed by PwC New Zealand		
Other assurance services	25	20
Agreed upon procedures	19	28
Performed by PwC Australia		
Agreed upon procedures	9	-
Total remuneration for other assurance services and agreed upon procedures	53	48
Total remuneration for assurance and agreed upon procedures services	1,068	942
(b) Other Services		
Performed by PwC New Zealand		
Tax compliance services	-	1
Tax advisory services	55	78
Provision of market survey data relating to executive remuneration levels	30	-
Provision of software tool for subsidiary statutory financial statement preparation	-	12
Performed by PwC Australia		
Tax compliance services	43	50
Tax advisory services	207	63
Performed by PwC Hong Kong		
Tax advisory services	17	26
Performed by PwC Singapore		
Tax advisory services	19	-
Total remuneration for other services	371	230
Total fees expense	1,439	1,172

8 Earnings per Share**Accounting Policy****(i) Basic Earnings per Share**

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

(ii) Diluted Earnings per Share

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

There are no dilutive potential ordinary shares and therefore basic and diluted earnings per share are the same.

	2021	2020
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	759,687,194	664,946,279

9 Dividends**Accounting Policy**

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

	2021	2020
	\$'000	\$'000
Prior year final dividend	-	66,867
Current year interim dividend	-	66,421
Total dividends provided for or paid	-	133,288
Cents per share		
Prior year final dividend (per share)	-	10.0
Current year interim dividend (per share)	-	10.0

Subsequent to the reporting date, the directors declared a dividend of 7.0 cents per share for the year ended 30 June 2021.

10 Leases – SkyCity as the Lessee

Accounting Policy

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate; and
- payments to be made under reasonably certain extension options.

The lease payments are discounted using the interest rate implicit in the lease. If, as is generally the case, that rate cannot be readily determined, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The incremental borrowing rate is calculated as follows;

- where possible, uses recent third party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk free interest rate adjusted for credit risk; and
- makes adjustments specific to the lease (eg. term, country, currency and security).

The weighted average incremental borrowing rate for the Group's leases is 5.3% (with rates ranging from 3.3% to 6.0%).

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs; and
- restoration costs.

Subsequent to initial recognition:

- lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made; and
- right-of-use assets are amortised on a straight-line basis over the remaining term of the lease (or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term).

A small number of immaterial, short-term leases have not been included in the calculation of lease liabilities or right-of-use assets. Payments made in relation to these leases are recognised on a straight-line basis over the lease term.

The Group has a small number of long term leases. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Extension and termination options are included in a number of leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

The balance sheet shows the following amounts relating to leases:

	2021	2020
	\$'000	\$'000
Right-of-use assets net book value		
SkyCity Auckland – sub soil	3,091	3,095
SkyCity Auckland – airbridges	3,214	2,318
SkyCity Queenstown – Stratton House	1,930	2,367
SkyCity Adelaide – Railway Building and extension	55,056	44,187
SkyCity Adelaide – car park	63,464	-
	126,755	51,967
Lease liabilities		
Current	3,014	485
Non-current	115,793	52,188
	118,807	52,673

Amounts recognised in the Income Statement are:

	2021	2020
	\$'000	\$'000
Depreciation of right-of-use asset	1,894	1,114
Interest expense on lease liabilities (part of net finance costs)	3,566	3,088

11 Net Finance Costs

	2021	2020
	\$'000	\$'000
Finance costs	41,743	45,419
Foreign exchange gains	(388)	(195)
Interest income	(1,086)	(1,060)
Debt restructuring costs (note 12)	-	7,506
Capitalised interest (note 23)	(7,814)	(23,057)
Total finance costs	32,455	28,613

12 Non-current Liabilities – Interest Bearing Liabilities

Accounting Policy

Interest bearing liabilities are initially recognised at fair value, net of transaction costs incurred. They are subsequently carried at amortised cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Income Statement over the period of the borrowings using the effective interest method. However, the interest margin on US dollar denominated United States private placement (**USPP**) notes maturing in March 2025 is accounted for as a fair value hedge and the carrying value of the borrowings is adjusted for fair value changes attributable to the risk being hedged.

Borrowings are only classified as non-current liabilities if the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

The interest margin on US dollar denominated USPP notes maturing in March 2025 is accounted for as a fair value hedge. The carrying values of the borrowings are adjusted for fair value changes attributable to the risk being hedged.

	2021	2020
	\$'000	\$'000
Unsecured Interest Bearing Liabilities		
Car park concession (main site nested car parks) (note 4)	47,167	42,802
USPP notes	221,811	241,420
New Zealand bonds	175,000	-
Deferred funding expenses	(3,014)	(1,491)
Total Non-current Interest Bearing Liabilities	440,964	282,731

(a) USPP Notes

As at 30 June 2021, SkyCity had outstanding USPP notes of:

- US\$100.0 million maturing 17 March 2025; and
- A\$65.4 million maturing 15 March 2028.

Movements in the carrying value of the outstanding balance in the current year relate to maturity of US\$100 million of notes on 15 March 2021 plus movements in exchange rates and interest rates.

The US dollar USPP notes have been hedged to NZ dollars by way of cross currency interest rate swaps to eliminate foreign exchange exposure to the US dollar. The offsetting changes in the value of the cross currency interest rate swaps are included within derivative financial instruments in note 32.

Fair value of USPP debt is estimated at NZ\$243.4 million (2020: NZ\$429.4 million) compared to a carrying value of NZ\$221.8 million (2020: NZ\$397.0 million). Fair value has been calculated based on the present value of future principal and interest cash flows, using market interest rates and credit margins at balance date. Fair value is calculated using inputs other than quoted prices that are observable for the liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This is a level 2 valuation.

(b) Syndicated Bank Facility

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

As at 30 June 2021, SkyCity had in place revolving credit facilities of:

- A\$280.0 million maturing 31 March 2022 (partially drawn at the reporting date);
- NZ\$60.0 million maturing 15 June 2022 (undrawn at the reporting date);
- NZ\$85.0 million maturing 15 June 2023 (undrawn at the reporting date); and
- NZ\$85.0 million maturing 15 June 2024 (undrawn at the reporting date).

Subsequent to balance date:

In August 2021, the syndicated bank facility was restructured and extended to the following:

- A\$100.0 million maturing 15 June 2023;
- NZ\$115.0 million maturing 15 June 2024; and
- NZ\$115.0 million maturing 15 June 2025.

(c) New Zealand Bonds

\$125 million of unsubordinated, unsecured, redeemable fixed rate bonds were redeemed on 28 September 2020 at \$1.028 per bond, equating to a total redemption cost of \$128.5 million.

\$175.0 million of six-year unsubordinated, unsecured redeemable fixed rate bonds were issued on 21 May 2021.

The bonds are quoted on the NZDX. As at 30 June 2021, the closing price was \$1.038 per \$1 bond. The bonds are carried at amortised cost. The total fair value is \$ 181.7 million and is a level 1 valuation as they are listed securities.

(d) Auckland Car Park Concession

Incorporated in the Auckland car park concession is an interest-bearing liability of \$47.2 million relating to the main site nested car parks. This liability will be amortised to nil over the life of the contract with the movements recognised in interest income.

(e) Negative Pledge Deeds

A negative pledge deed has been executed in relation to each of the funding facilities – bank facilities, USPP notes and New Zealand bonds. In each deed there are requirements for minimum guarantee group participation and financial covenants. All requirements of the negative pledge deeds have been met as at 30 June 2021.

(f) CBA Revolving Credit Facility

In July 2020, a NZ\$100.0 million revolving credit facility was established with the Commonwealth Bank of Australia, maturing 31 December 2021. The facility was cancelled on 29 June 2021.

(g) Weighted Average Interest Rate

	2021		2020	
	%	\$'000	%	\$'000
Interest bearing liabilities*	5.68%	610,798	6.39%	586,731

*The weighted average debt interest rate includes lease liabilities and the impact of interest rate and foreign currency hedging.

13 Current Liabilities – Interest Bearing Liabilities

Accounting Policy

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

	2021	2020
	\$'000	\$'000
Unsecured Interest Bearing Liabilities		
Syndicated bank facility	48,031	15,000
USPP notes	-	155,618
New Zealand bonds	-	128,500
Car park concession (main site nested car parks)	-	3,391
Total current interest-bearing borrowings	48,031	302,509

Refer note 12(a) for details concerning the USPP notes, note 12(b) for details concerning the syndicated bank facility, note 12(c) for details concerning the New Zealand bonds and note 12(d) for details concerning the car park concession.

All financial covenants were met at 30 June 2021.

14 Net Debt Reconciliation

	CASH AND BANK BALANCES	BORROWINGS DUE WITHIN 1 YEAR	BORROWINGS DUE AFTER 1 YEAR	TOTAL
	\$'000	\$'000	\$'000	\$'000
Net debt as at 1 July 2019	(41,574)	49,127	495,913	503,466
Movement in cash and cash equivalents	(12,650)	-	-	(12,650)
Recognition of car park concession liability	-	3,391	42,802	46,193
Revaluation of New Zealand bonds	-	3,500	-	3,500
Revaluation of USPP notes	-	6,230	17,716	23,946
Repayment of USPP notes	-	(21,127)	-	(21,127)
Amortisation of deferred funding expenses	-	-	687	687
Net movement in bank drawings	-	(13,000)	-	(13,000)
Reclassification	-	274,388	(274,388)	-
Initial recognition of lease liabilities	-	485	50,336	50,821
Increase in lease liabilities	-	-	1,852	1,852
Net debt as at 30 June 2020	(54,224)	302,994	334,918	583,688
Movement in cash and cash equivalents	4,284	-	-	4,284
Movement in car park concession liability	-	(3,391)	4,365	974
Movement in New Zealand bonds	-	(128,500)	175,000	46,500
Revaluation of USPP notes	-	-	(19,608)	(19,608)
Repayment of USPP notes	-	(155,618)	-	(155,618)
Amortisation of deferred funding expenses	-	-	(1,523)	(1,523)
Net movement in bank drawings	-	33,031	-	33,031
Movement in lease liabilities	-	2,529	63,604	66,133
Increase in lease liabilities	-	-	-	-
Net debt as at 30 June 2021	(49,940)	51,045	556,756	557,861

15 Non-current Assets – Investment Properties

Accounting Policy

Investment property, principally comprising freehold office buildings and display space, is held for long term rental yields.

Completed investment property is carried at fair value, which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices in less active markets, or discounted cash flow projections. Changes in fair value are recorded in the Income Statement.

Investment property under construction is carried at cost if its fair value is unable to be reliably determined during construction but will be reliably determinable when construction is complete. The NZICC car park is carried at cost on that basis.

The carrying value of investment property has been calculated as follows:

	2021	2020
	\$'000	\$'000
Balance at the beginning of the year	72,400	40,660
Acquisitions	937	2,252
Net gain/(loss) from fair value adjustment	7,386	(14,055)
Transfer from property, plant and equipment - Levels 4 and 5, 88 Federal Street	-	16,420
Transfer from property, plant and equipment - NZICC car parks (note 4)	2,245	27,123
Transfer from property, plant and equipment - 86 Federal Street	9,750	-
Transfer from property, plant and equipment - 99 Albert Street	31,650	-
Closing balance at 30 June	124,368	72,400

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

	2021	2020
	\$'000	\$'000
Rental income	2,148	2,953
Direct operating expenses from property that generated rental income	(2,455)	(1,594)
Net gain/(loss) from fair value adjustment	7,386	(14,055)
	7,079	(12,696)

(b) Investment Properties held at 30 June 2020

With the exception of the NZICC car park (which is referred to below), investment properties were valued to fair value on 30 June 2020 by Bower Valuations Limited and Extensor Advisory Limited, Registered Valuers and Members of the New Zealand Institute of Valuers and the Property Institute of New Zealand.

These properties were revalued to fair value on 30 June 2021 by CBRE, Registered Valuers and Members of the New Zealand Institute of Valuers and the Property Institute of New Zealand. All valuers had recent experience in the location and category of the property being valued.

At 30 June 2020, the fair value of these investment properties (other than the NZICC car park) was \$45.3 million. The significant assumptions used in the valuation were:

- capitalisation rate – range from 5.82% to 7.0%; and
- passing yield (calculated as net rent divided by fair value) – range from 5.04% to 10.33%.

At 30 June 2021, the fair value of these investment properties (other than the NZICC car park) was \$53.6 million. The significant assumptions used

in the valuation were:

- capitalisation rate – range from 4.00% to 5.88%; and
- passing yield (calculated as net rent divided by fair value) – range from 3.65% to 5.75%.

The 30 June 2020 and 30 June 2021 valuations are sensitive to movements in estimated capitalisation rate and passing yield. If the assumed capitalisation rate increased, or passing yield decreased, fair value would decrease.

(c) NZICC Car Park

Approximately 650 car parks are due to be provided to Macquarie as part of the Auckland car park concession transaction (note 4).

Given the delay in providing these car parks to Macquarie, this part of the concession has been treated as an operating lease, and the car parks have been classified as investment property.

In 2020, \$27.1 million of costs associated with these car parks was transferred from property, plant and equipment to investment properties. In 2021, an additional \$2.2 million was transferred from property, plant and equipment to investment properties, as a result of updated NZICC damage estimates on the car parks prepared by RLB (note 6).

(d) Transfer from Property, Plant and Equipment in 2021**86 Federal Street**

At 30 June 2020, 86 Federal Street was classified in its entirety as property, plant and equipment. At 30 June 2021, seven floors in the building were either tenanted, or being actively marketed for rental, and were consequently reclassified as investment property. The remaining floors of the building continued to be classified as property, plant and equipment.

As SkyCity carries its property, plant and equipment under the cost model, and its investment property under the revaluation model, for each floor being transferred from property, plant and equipment to investment property, the difference between carrying value under the cost model and fair value was accounted for as a revaluation of property, plant and equipment (note 23).

Immediately before reclassification, the building was revalued on a floor by floor basis by CBRE (who have recent experience in the location and category of the property being valued). At 30 June 2021, the floors of the building that are classified as investment property are carried at fair value (\$9.8 million), which resulted in an increase of \$4.3 million in the asset revaluation reserve (note 30).

The following were the significant assumptions used in CBRE's valuation:

- capitalisation rate of 5.88%; and
- passing yield (calculated as net rent divided by fair value) – 1.32%.

99 Albert Street

At 30 June 2020, the portion of 99 Albert Street owned by SkyCity was classified in its entirety as property, plant and equipment. At 30 June 2021, six floors in the building, car parks associated with those floors, and ground floor retail spaces, were either tenanted, or being actively marketed for rental, and were consequently reclassified as investment property. The remaining floors of the building, and associated car parks, continued to be classified as property, plant and equipment.

Immediately before reclassification, the building was revalued to fair value on a floor by floor basis by CBRE (who have recent experience in the location and category of the property being valued). Those floors being transferred from property, plant and equipment to investment property were revalued to their fair value, with the revaluation being accounted for as a revaluation of property, plant and equipment. At 30 June 2021, the floors of the building that are classified as investment property are carried at fair value (\$31.7 million), which resulted in an impairment of \$4.0 million of land and an increase of \$4.4 million in the asset revaluation reserve in relation to buildings (note 30).

The following were the significant assumptions used in CBRE's valuation:

- capitalisation rate of 5.88%; and
- passing yield (calculated as net rent divided by fair value) – 3.29%.

16 Current Liabilities – Deferred Licence Value**Accounting Policy**

Regulatory reforms granted which are specific to the Group are initially recognised at their fair value when it is probable that the reforms will be received and that the Group will comply with all conditions attached.

Regulatory reforms are recognised as an intangible asset (note 24) and included within the value of casino licences. Where a regulatory reform is related to property, plant and equipment, once constructed the carrying value of that property, plant and equipment is reduced by the value of the regulatory reforms. Prior to completion of the related property, plant and equipment, the value of the regulatory reforms is accounted for as a deferred licence value.

	ADELAIDE	TOTAL
2021	\$'000	\$'000
Opening Balance	153,165	153,165
Exchange differences	494	494
Transfer to property, plant and equipment (note 23)	(143,323)	(143,323)
Transfer to intangible assets (note 24)	(3,067)	(3,067)
Transfer to right-of-use assets (ROU) (note 10)	(5,306)	(5,306)
Closing balance	1,963	1,963
2020		
Opening balance	–	–
Transfer from non-current liabilities (note 17)	153,165	153,165
Closing balance	153,165	153,165

The SkyCity Adelaide deferred licence value liability was initially recognised in 2014 following an amendment to the Adelaide Approved Licensing Agreement (**ALA**). The agreement to amend the ALA required SkyCity Adelaide to agree to undertake a A\$350.0 million casino expansion and hotel development project and the deferred licence value liability relates to this requirement.

In the current year, the majority of the SkyCity Adelaide deferred licence value was transferred to property, plant and equipment, due to the majority of the construction work having been completed and the casino being opened to the public. The remaining balance will be transferred to property, plant and equipment following the completion of the Adelaide expansion.

17 Non-current Liabilities – Deferred Licence Value

	AUCKLAND	ADELAIDE	TOTAL
2021	\$'000	\$'000	\$'000
Opening balance	214,972	–	214,972
Impact of NZICC fire (note 6)	(7,536)	–	(7,536)
Closing balance	207,436	–	207,436
2020			
Opening balance	355,179	149,625	504,804
Exchange rate movement	–	3,540	3,540
Transferred to current liabilities (note 16)	–	(153,165)	(153,165)
Adjustment to property, plant and equipment classified as held for sale	25,578	–	25,578
Impact of NZICC fire (note 6)	(165,785)	–	(165,785)
Closing balance	214,972	–	214,972

SkyCity Auckland

Following the NZICC fire, the damaged portion of the NZICC was disposed of for financial reporting purposes (refer note 6). As a result of this disposal and the estimates detailed in note 6, \$165.8 million was released to the Income Statement in the year ended 30 June 2020 and a further \$7.5 million was released in the year ended 30 June 2021.

These amounts are based on the assessment of the damage from the NZICC fire (refer note 6) and may materially change as further information becomes available.

18 Income Tax Expense/(Benefit)

Accounting Policy

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

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

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

	2021	2020
	\$'000	\$'000
(a) Income Tax Expense/(Benefit)		
Current tax	33,053	26,115
Deferred tax	4,281	(28,267)
Income tax (benefit)/expense	37,334	(2,152)
(b) Numerical Reconciliation of Income Tax Expense/(Benefit) to Prima Facie Tax Payable		
Profit from continuing operations before income tax expense	193,460	233,118
Prima facie income tax @ 28%	54,169	65,273
Tax effects of:		
Expenses not deductible for tax purposes	1,703	2,210
Differences in overseas tax rates	(2,138)	(3,402)
Assets held for sale	390	(411)
Prior period adjustments	(1,502)	243
NZICC fire capital (income)/expenses	(8,385)	(73,955)
Auckland car park concession proceeds	-	(20,062)
Adelaide casino licence impairment	-	48,188
Fair value adjustments	2,138	3,955
Reinstatement of New Zealand tax building depreciation	-	(24,145)
Non-taxable settlement amount	(11,060)	-
Controlled foreign company regime	2,108	-
Other	(89)	(46)
Income tax expense/(benefit)	37,334	(2,152)

The weighted average applicable tax rate was 19.3% (2020: -0.9%). The weighted average tax rate has been significantly impacted by:

- NZICC fire capital (income)/expense;
- Auckland car park concession proceeds;
- Adelaide casino licence impairment;
- fair value adjustments;
- reinstatement of New Zealand tax building depreciation; and
- non-taxable settlement amount.

Excluding these items, the weighted average tax rate would have been 28.7% (2020: 27.4%).

19 Deferred Tax Assets

	2021	2020
	\$'000	\$'000
The balance comprises temporary differences attributable to:		
Provisions and accruals	8,112	5,316
Depreciation	(11,859)	(7,723)
Foreign exchange variances	4	166
Cash flow hedges	453	653
Lease accounting	(382)	185
Tax losses	12,441	8,280
Other	575	-
Net deferred tax assets	9,344	6,877
Movements:		
Balance at beginning of the year	6,877	4,843
Foreign exchange differences	17	89
Charged to the Income Statement (note 18)	2,729	3,157
Tax credited directly to other comprehensive income (note 30)	(279)	(1,212)
Closing balance at 30 June	9,344	6,877

Deferred tax assets relate to the Australian and other foreign operations.

20 Deferred Tax Liabilities

	2021	2020
	\$'000	\$'000
The balance comprises temporary differences attributable to:		
Provisions and accruals	(9,388)	(14,972)
Depreciation	68,678	64,702
Lease accounting	(246)	(28)
Cash flow hedges	(4,430)	(7,355)
Asset revaluation reserve	1,921	-
Other	496	2,828
Net deferred tax liabilities	57,031	45,175
Movements:		
Balance at beginning of the year	45,175	70,160
Charged to the Income Statement (note 18)	7,010	(25,110)
Tax debited directly to other comprehensive income (note 30)	4,846	125
Closing balance at 30 June	57,031	45,175

Deferred tax liabilities relate to the New Zealand operations.

21 Imputation and Franking Credits

	2021	2020
	\$'000	\$'000
Balances available for use in subsequent reporting periods		
Imputation credit account (New Zealand)	51,601	21,347
Franking credit account (Australia) (A\$)	13,951	13,951

As required by relevant tax legislation, the imputation credit account had a credit balance as at 31 March 2021.

22 Non-current Liabilities – Lease Income in Advance

	2021	2020
	\$'000	\$'000
Lease income in advance	36,310	39,815
	36,310	39,815

As detailed in note 4, the approximately 650 further NZICC car parks to be delivered as part of the Auckland car park concession transaction have been determined to be an operating lease.

The \$220.0 million concession payment was allocated between the 450 nested car parks and the unnested car parks based on their respective fair values. The payment for the unnested car parks (refer note 6) was further allocated based on the number of car parks. At 19 August 2019, \$39.8 million was allocated to these approximately 650 further NZICC car parks and was recognised as a lease payment in advance.

23 Property, Plant and Equipment

Accounting Policy

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

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

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

	LAND	BUILDINGS AND FITOUT	PLANT, EQUIPMENT AND MOTOR VEHICLES	FIXTURES AND FITTINGS	CAPITAL WORK IN PROGRESS	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2019						
Cost	210,317	775,739	371,060	123,996	641,849	2,122,961
Accumulated depreciation	-	(324,786)	(272,273)	(89,645)	-	(686,704)
Net book amount	210,317	450,953	98,787	34,351	641,849	1,436,257
Year Ended 30 June 2020						
Opening net book amount	210,317	450,953	98,787	34,351	641,849	1,436,257
Exchange differences	-	959	421	90	4,123	5,593
Net additions/transfers	1,421	41,162	25,461	3,681	257,460	329,185
Transfer to investment properties - existing convention centre (note 15)	-	(10,484)	-	-	-	(10,484)
Transfer to investment properties - NZICC car parks (note 15)	-	-	-	-	(27,123)	(27,123)
Reversal of 2019 assets held for sale	-	-	-	-	56,801	56,801
NZICC fire disposal (note 6)	-	-	-	-	(193,868)	(193,868)
Depreciation charge	-	(25,126)	(33,017)	(9,316)	-	(67,459)
Closing net book amount	211,738	457,464	91,652	28,806	739,242	1,528,902
At 30 June 2020						
Cost	211,738	783,956	391,221	126,345	739,242	2,252,502
Accumulated depreciation	-	(326,492)	(299,569)	(97,539)	-	(723,600)
Net book amount	211,738	457,464	91,652	28,806	739,242	1,528,902
Year Ended 30 June 2021						
Opening net book amount	211,738	457,464	91,652	28,806	739,242	1,528,902
Exchange differences	-	159	55	8	1,115	1,337
Net additions/transfers	-	44,852	36,600	12,642	41,874	135,968
Adelaide expansion	-	296,760	53,583	35,514	(385,857)	-
Transfer of Adelaide deferred licence (note 16)	-	(107,113)	(21,956)	(14,254)	-	(143,323)
Transfer to investment properties - 86 Federal Street (note 15)	(1,674)	(3,765)	-	-	-	(5,439)
Transfer to investment properties - 99 Albert Street (note 15)	(15,262)	(11,944)	-	-	-	(27,206)
Impairment (note 7)	(8,834)	-	-	-	-	(8,834)
Transfer to investment properties - NZICC car parks (notes 6 and 15)	-	-	-	-	(2,245)	(2,245)
Assets held for sale (note 27)	-	(272)	(262)	-	-	(534)
NZICC fire disposal	-	-	-	-	(34,713)	(34,713)
Depreciation charge	-	(27,199)	(35,759)	(10,193)	-	(73,151)
Closing net book amount	185,968	648,942	123,913	52,523	359,416	1,370,762
At 30 June 2021						
Cost	185,968	1,001,903	445,398	159,320	359,416	2,152,005
Accumulated depreciation	-	(352,961)	(321,485)	(106,797)	-	(781,243)
Net book amount	185,968	648,942	123,913	52,523	359,416	1,370,762

(a) Capitalised Borrowing Costs

Borrowing costs of \$7.8 million have been capitalised in the current year relating to capital projects (2020: \$23.1 million) using the Group's weighted average cost of debt of 5.68% across the year (2020: 6.36%).

(b) Transfers to Investment Property**86 Federal Street**

At 30 June 2020, 86 Federal Street was classified in its entirety as property, plant and equipment. As at 30 June 2021, seven floors in the building were either tenanted, or being actively marketed for rental, and were consequently reclassified as investment property. The remaining floors of the building continued to be classified as property, plant and equipment (note 15).

The reclassification of the seven floors from property, plant and equipment carried under the cost model, to investment property carried under the fair value model, was accounted for as a revaluation of property, plant and equipment and resulted in the recognition of a \$4.3 million increase in the asset revaluation reserve. There was no change in carrying value of the floors that remained classified as property, plant and equipment.

99 Albert Street

At 30 June 2020, the portion of 99 Albert Street owned by SkyCity, was classified in its entirety as property, plant and equipment. As at 30 June 2021, six floors in the building, car parks associated with those floors, and ground floor retail spaces, were either tenanted, or being actively marketed for rental, and were consequently reclassified as investment property. The remaining floors of the building, and associated car parks, continued to be classified as property, plant and equipment.

The reclassification of the six floors, associated car parks, and ground floor retail spaces from property, plant and equipment carried under the cost model, to investment property carried under the fair value model, was accounted for as a revaluation of property, plant and equipment and resulted in the recognition of an impairment of \$4.0 million of land and an increase of \$4.4 million in the asset revaluation reserve in relation to buildings.

Where the valuation of a floor that was being retained as property, plant and equipment was lower than the carrying value of that floor, the floor was written down to its revalued amount. This resulted in the recognition of an impairment of land of \$4.8 million.

(c) Capitalisation of Adelaide Expansion

In the current year, the Adelaide casino expansion and hotel development was substantially completed and was opened to the public. As a result, the capital work in progress was capitalised in the Group's fixed asset register and allocated to the appropriate asset categories. This includes an allocation of the Adelaide deferred licence value of \$151.7 million (A\$141.2 million) to the extent the expansion is complete (note 16).

(d) Encumbrances

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

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

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

24 Intangible Assets**Accounting Policy****(i) Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired business at the date of acquisition. Goodwill is included in intangible assets. Goodwill is not amortised but is instead tested for impairment annually (or more frequently if events or changes in circumstances indicate that it might be impaired) and is carried at cost less accumulated impairment losses.

(ii) Acquired Software

Acquired computer software licences are capitalised at cost (which includes acquisition cost and any costs incurred in bringing the software into use). Subsequent to initial recognition they are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated on a straight-line basis over the useful life, which ranges from three to 15 years.

(iii) Gaming Machine Entitlements

Gaming Machine Entitlements (**GMEs**) are required to operate gaming machines in South Australia. Each GME gives the licensee the right to own and operate a single gaming machine at the licensee's venue.

The number of GMEs held by a licensee cannot exceed the maximum number of gaming machines which have been approved for the venue. SkyCity Adelaide currently owns 1,080 GMEs and is licensed to hold a maximum of 1,500.

GMEs can be purchased or sold during trading rounds by an eligible person via the South Australian Government's approved trading system. Trading rounds are usually held at least twice a year at the discretion of the Liquor and Gambling Commissioner. The trading price of a GME is determined by a number of factors, including the number of sellers and buyers and the minimum and maximum prices offered.

SkyCity Adelaide's GMEs are treated as intangible assets. They are carried at cost less accumulated amortisation and impairment losses. They are amortised over the term of the exclusivity period, which is to 30 June 2035.

(iv) Casino Licences and Associated Regulator Reforms

The Group's casino licences that have:

- a finite useful life are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged to profit or loss on a straight-line basis over the legal licence term; and
- an indefinite useful life are carried at cost less accumulated impairment losses.

Determining whether a casino licence has a finite or indefinite useful life is a key judgement and involves assessment of the terms and conditions, and in particular the renewal terms, of the relevant licence.

Regulatory reforms granted by a government that are specific to the Group are accounted for as intangible assets arising from a government grant. Accordingly, the reforms are initially recognised at their fair value when there is reasonable assurance that the reforms will be received, and the Group will comply with all conditions attached to them.

Regulatory reforms are recognised as an intangible asset and included within the value of casino licences. Where a regulatory reform is related to property, plant and equipment, once constructed the carrying value of that property, plant and equipment is reduced by the value of the regulatory reforms. Prior to completion of the related property, plant and equipment, the value of the regulatory reforms is accounted for as deferred licence value.

(v) Impairment of Intangible Assets

Intangible assets, including goodwill, that have an indefinite useful life are tested for impairment annually (or more frequently if events or changes in circumstances indicate that the asset might be impaired). Goodwill is allocated to cash generating units for the purpose of impairment testing.

Intangible assets that have a finite useful life are assessed for indicators of impairment annually and tested for impairment if an indicator of impairment is found.

Impairment testing is done by comparing the carrying value of the asset to its recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense. Impairment on goodwill is not subsequently reversed, but impairment on other assets may be reversed.

	GOODWILL	CASINO LICENCES	COMPUTER SOFTWARE	GAMING MACHINE ENTITLEMENTS	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2019					
Cost	35,786	768,618	127,311	-	931,715
Accumulated amortisation	-	(57,726)	(75,581)	-	(133,307)
Net book amount	35,786	710,892	51,730	-	798,408
Movements in the Year Ended 30 June 2020					
Exchange differences	-	7,052	68	-	7,120
Additions	1,908	-	20,682	-	22,590
Impairment charge	-	(160,600)	-	-	(160,600)
Amortisation charge	-	(5,507)	(12,480)	-	(17,987)
Closing net book amount	37,694	551,837	60,000	-	649,531
At 30 June 2020					
Cost	37,694	777,118	147,798	-	962,610
Accumulated amortisation	-	(225,281)	(87,798)	-	(313,079)
Net book amount	37,694	551,837	60,000	-	649,531
Movements in the Year Ended 30 June 2021					
Exchange differences	-	453	9	-	462
Additions	-	-	8,868	-	8,868
Adelaide expansion	-	-	5,740	3,088	8,828
Transfer of Adelaide deferred licence (note 16)	-	-	(1,802)	(1,265)	(3,067)
Assets classified as held for sale (note 27)	(1,908)	-	(20)	-	(1,928)
Amortisation charge	-	(2,629)	(13,666)	(73)	(16,368)
Closing net book amount	35,786	549,661	59,129	1,750	646,326
At 30 June 2021					
Cost	35,786	778,303	160,551	1,823	976,463
Accumulated amortisation	-	(228,642)	(101,422)	(73)	(330,137)
Net book amount	35,786	549,661	59,129	1,750	646,326

CASINO LICENCE	CONTRACT TERM
SkyCity Auckland Casino (indefinite useful life)	<p>SkyCity Auckland Limited holds a casino premises licence for the Auckland premises.</p> <p>The initial licence was granted in 1996 for nil consideration, and hence there was no associated initial carrying value.</p> <p>Pursuant to the terms of the New Zealand International Convention Centre Project and Licensing Agreement between Her Majesty the Queen in Right of New Zealand and the Company dated 5 July 2013 (NZICC Agreement), the initial term of the licence was extended to 30 June 2048.</p> <p>The licence can be renewed for further periods of 15 years pursuant to section 138 of the Gambling Act 2003 (NZ).</p> <p>In addition to the licence extension, the casino premises licence was amended to (a) permit the implementation of account based cashless gaming and ticket-in ticket-out (TITO) gaming systems; (b) permit an increase in the number of gaming machines, gaming tables and automated table games; and (c) implement various other operational improvements. Under the NZICC Agreement, the Company has agreed to construct the NZICC for a total cost of at least \$430.0 million.</p> <p>The reforms (a to c above) are exclusive to the Group and were recorded at fair value based on the estimated incremental benefit over the life of the reforms. The fair value was determined using a discounted cashflow model falling within level 3 of the fair value hierarchy over the life of the reforms.</p> <p>The carrying amount of the casino licence is \$405.0 million (FY20: \$405.0 million).</p>
SkyCity Adelaide (finite useful life)	<p>The casino and associated operations are carried out by SkyCity Adelaide Pty Limited under a casino licence (the Approved Licensing Agreement (ALA)) dated October 1999 (as amended). Unless terminated earlier, the expiry date of the ALA is 30 June 2085. The term of the ALA can be renewed for a further fixed term pursuant to section 9 of the Casino Act 1997 (SA). The carrying value of the casino licence is amortised over the life of the ALA.</p> <p>The casino licence and associated regulatory reforms asset is amortised over 20 years or 71 years depending on whether the incremental benefit is associated with the exclusivity period or the full licence period.</p> <p>The carrying value of the casino licence is A\$130.6 million (FY20: A\$133.0 million) (NZ\$140.3 million and NZ\$142.4 million respectively).</p>
SkyCity Hamilton Casino (indefinite useful life)	<p>SkyCity Hamilton Limited holds a casino premises licence for the Hamilton premises. The casino premises licence is for an initial 25 year term from 19 September 2002. The licence can be renewed for further periods of 15 years pursuant to section 138 of the Gambling Act 2003 (NZ). As the licence was initially granted for nil consideration, there is no associated carrying value.</p>
SkyCity Queenstown Casino (indefinite useful life)	<p>Queenstown Casinos Limited holds a casino premises licence for the Queenstown premises. The casino premises licence is for an initial 25 year term from 7 December 2000. The licence can be renewed for further periods of 15 years pursuant to section 138 of the Gambling Act 2003 (NZ). As the licence was initially granted for nil consideration, there is no associated carrying value.</p>
SkyCity Wharf Casino (Queenstown) (indefinite useful life)	<p>Otago Casinos Limited holds a casino premises licence for the Queenstown Wharf premises. The casino premises licence is for an initial 25 year term from 11 September 1999. The licence can be renewed for further periods of 15 years pursuant to section 138 of the Gambling Act 2003 (NZ). The carrying value of the casino licence which arose on SkyCity's acquisition of Otago Casinos Limited is \$4.4 million (FY20: \$4.4 million).</p>

(a) Impairment Tests for Intangibles with Indefinite Lives

Goodwill and the casino licences of SkyCity Auckland, SkyCity Hamilton and SkyCity Wharf have indefinite useful lives and consequently are tested annually for impairment.

	SKYCITY AUCKLAND	OTAGO CASINOS LIMITED*	SKYCITY HAMILTON*	TOTAL
	\$'000	\$'000	\$'000	\$'000
2021				
Goodwill	-	-	35,786	35,786
Casino licence	405,000	4,391	-	409,391
Total	405,000	4,391	35,786	445,177
2020				
Goodwill	-	-	35,786	35,786
Casino licence	405,000	4,391	-	409,391
Total	405,000	4,391	35,786	445,177

* SkyCity Hamilton and Otago Casinos Limited are included within the "Other NZ Operations" segment in note 2.

Other than Otago Casinos Limited, the recoverable amount of a cash generating unit is determined based on value in use calculations. These calculations use cash flow projections approved by directors which include cash flows in relation to International Business where those cash flows relate to the relevant cash generating unit. For all of these assets, the calculated value in use significantly exceeds carrying value. The value of the Wharf (Otago Casinos Limited) casino licence is the potential ability to utilise the licence to enhance the Group's gaming offering.

Professional judgement has been made to treat the entire Auckland precinct as a single cash generating unit given the close and interconnected relationship of the cash flows across all of SkyCity's Auckland businesses. Impairment testing has also been completed on the Adelaide casino licence (an amortising asset). Judgement was used to determine the valuation and resulting impairment charge.

(b) Key Assumptions used for Value in Use Calculations of Cash Generating Units

	EBITDA MARGIN		TERMINAL GROWTH RATE		PRE-TAX DISCOUNT RATE	
	2021	2020	2021	2020	2021	2020
SkyCity Auckland	40.8%	36.0%	2.0%	2.0%	11.5%	11.0%
SkyCity Hamilton	47.9%	41.4%	2.0%	2.0%	11.5%	11.0%

These assumptions are consistent with past experience adjusted for economic indicators. The discount rates are pre-tax and reflect specific risks relating to the relevant operating segment. The estimated impacts of COVID-19 have been factored into these assumptions.

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

(c) Impairment Review of the Adelaide Casino Licence

In the prior year, the Group engaged Deloitte to independently determine the recoverable amount of the Adelaide cash generating unit, for the purposes of determining whether the SkyCity Adelaide casino licence was impaired. The recoverable amount was determined using the fair value less costs of disposal approach, with the fair value measurement being a Level 3 measurement in the fair value hierarchy. A key input into the assessment was the five year forecast for SkyCity Adelaide, which had been adopted by the Board. As a result of this assessment, the Adelaide casino licence was impaired by A\$150.0 million (NZ\$160.6 million).

The 2020 impairment arose as a result of:

- revised expectations regarding the time frame for Adelaide Casino to achieve its long term potential earnings following completion of the expansion project; and
- a reduced earnings outlook due to the expected future impacts of COVID-19, including an expectation that International Business activity may take some years to recover.

In the current year, the Group again engaged Deloitte to independently determine the recoverable amount of the Adelaide cash generating unit, for the purposes of determining whether the SkyCity Adelaide casino licence was impaired. A key input to Deloitte's assessment was the updated Board approved five-year forecast for SkyCity Adelaide. The recoverable amount for the current year was determined using the fair value less costs of disposal approach (and the fair value measurement was again a Level 3 measurement in the fair value hierarchy). The valuation resulted in a range – taking the mid point of the range implies an impairment reversal of A\$5.4 million (NZ\$5.7 million) (with the low end of the range being an increase in impairment of A\$15.7 million (NZ\$16.9 million) and the high end of the range being a reversal in impairment of A\$29.0 million (NZ\$31.2 million)). Given the uncertainties associated with forecasting in a COVID-19 environment, including the ongoing impact to International Business, management determined that the current period valuation did not warrant either an increase in, or a reversal of, the impairment recognised in the prior period.

The 2020 and 2021 independent valuations were based on the following key estimates:

- compound annual EBITDA growth rate from FY19 to FY26 = 17.4% (2020: FY19 to FY25 = 21.1%) – note that the anticipated impacts of COVID-19 have been taken into account;
- terminal growth rate = 2% (2020: 2%); and
- discount rate = 10.8% (2020: 10.8%).

EBITDA Growth

Determining an appropriate growth rate is made difficult by the impact of COVID-19 on the current and prior periods' results and its expected impact on future years. A significant initial EBITDA uplift is expected from the opening of the Adelaide expansion. Further growth is then expected until the 2026 financial year, with growth expected to level off from then onwards. Growth estimates have considered a number of factors, including an expected increase in gaming machine market share, an expected increase in premium and VIP gaming activity, an expected increase in visitors to the area due to the new hotel and restaurants

and an expected positive impact from recent and current developments in the surrounding precinct (including a new car park building).

Discount Rate

The discount rate has been independently calculated by Deloitte. It reflects the current market assessment of the risks specific to SkyCity Adelaide, taking into account the time value of money and individual risks of the underlying assets, including those arising from COVID-19, that have not been incorporated in the cash flow estimates.

The impairment assessment is sensitive to changes in the discount rate and information on this sensitivity is provided below.

Valuation Sensitivities

The impact of COVID-19 on the Group has already been wide-ranging and significant. Given the unknown future impact of COVID-19, there is a heightened level of uncertainty at present which makes accurate forecasts of the future particularly challenging.

The sensitivities below illustrate the impact on the impairment assessment of changes in the key assumptions:

- an EBITDA increase of 5% would have resulted in an impairment reversal of approximately \$31 million, while an EBITDA decrease of 5% would have increased impairment by approximately \$20 million (2020: an increase/decrease of 5% would have decreased/increased impairment by approximately \$27 million);
- a 0.5% increase in terminal growth rate (to 2.5%) would have resulted in an impairment reversal of approximately \$24 million, while a decrease in terminal growth rate of 0.5% (to 1.5%) would have increased impairment by approximately \$11 million (2020: an increase/decrease of 0.5% would have decreased/increased impairment by approximately \$20 million); and
- a 0.5% increase in the discount rate (to 11.25%) would have increased impairment by approximately \$16 million, while a decrease in discount rate of 0.5% (to 10.25%) would have resulted in an impairment reversal of approximately \$29 million (2020: an increase/decrease of 0.5% would have increased/decreased impairment by approximately \$24 million).

The valuation assumes no repeat of the previous COVID-19 lockdown in Adelaide, which is a key judgement and assumption. The actual valuation impact of a renewed lockdown (if any) would depend on the length of the lockdown, the nature of the lockdown restrictions and the Federal and State Government responses.

Annual Impairment Review

The Group will complete an annual impairment review of the SkyCity Adelaide casino licence going forward. Increases in the fair value less costs of disposal, or reductions in the carrying value of the Adelaide business, could result in a partial reversal of the impairment charge recognised in the prior period. Decreases in the fair value less costs of disposal may result in the recognition of an additional impairment charge.

25 Receivables and Prepayments

Accounting Policy

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less impairment.

	2021	2020
	\$'000	\$'000
Net trade receivables		
Trade receivables (gross)	13,606	50,069
Impairment	(6,206)	(20,509)
Trade receivables (net)	7,400	29,560
Sundry receivables	1,898	256
Prepayments	24,107	12,436
Total receivables and prepayments	33,405	42,252

Due to the short-term nature of these receivables, their carrying value approximates fair value.

26 Cash and Bank Balances

	2021	2020
	\$'000	\$'000
Cash at bank	15,537	26,047
Cash in house	34,403	28,177
Total cash and bank balances	49,940	54,224

27 Assets Held for Sale

Accounting Policy

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

	2021	2020
	\$'000	\$'000
Land	8,965	8,936
Buildings	2,359	2,080
Plant and equipment	265	3
Intangibles	1,928	-
Total	13,517	11,019

Assets held for sale consist of the Darwin Little Mindil site and Lets Play Live Media.

28 Payables and Provisions

Accounting Policy

Accounts payable are initially recognised at fair value, net of transaction costs, and thereafter carried at amortised cost.

A provision is recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

	2021	2020
	\$'000	\$'000
Trade payables	29,541	65,680
Deferred income	13,833	22,422
Accrued expenses	57,341	49,430
Employee benefits	52,077	40,405
NZICC obligation (note 6)	36,496	43,047
Other provisions	10,877	858
Total payables and provisions	200,165	221,842

Other provisions primarily relate to the repayment of the New Zealand Government wage subsidy and the Australian JobKeeper payments (note 5).

The carrying amounts of trade and other payables approximates their fair value, due to their short-term nature.

29 Share Capital

	2021	2020	2021	2020
	Shares	Shares	\$'000	\$'000
Opening balance of ordinary shares issued	739,196,806	672,351,166	1,288,287	1,126,996
Share rights issued for employee services	-	-	3,253	3,698
Share buy back and cancellation	-	(5,154,360)	-	(20,003)
Net issue of treasury shares	-	-	(2,054)	436
Equity raising	21,008,403	72,000,000	48,737	177,160
	760,205,209	739,196,806	1,338,223	1,288,287

All ordinary shares rank equally with one vote attached to each fully-paid ordinary share.

Included within the number of shares is 3,394,058 treasury shares (2020: 5,155,841) held by the Company. The movement in treasury shares during the year related to the issuance of shares under the employee incentive plans and purchases of shares by an external trustee as part of the executive long term incentive plan (refer note 33). Treasury shares may be used to issue shares under the Company's employee incentive plans or upon the exercise of share rights/options.

Equity Raising

The share purchase plan was completed on 9 July 2020 and involved the issue of 21,008,403 new shares at \$2.38 per share raising a total of \$50.0 million. Costs associated with the placement of \$1.3 million were deducted from the share proceeds.

30 Reserves

	2021	2020
	\$'000	\$'000
Reserves		
Asset revaluation reserve	12,770	5,936
Hedging reserve - cash flow hedges	(12,058)	(19,913)
Foreign currency translation reserve	(22,471)	(17,802)
Cost of hedging reserve	(1,213)	(1,542)
Total reserves	(22,972)	(33,321)
Movements		
Asset Revaluation Reserve		
Opening balance	5,936	-
Revaluation	8,755	5,936
Deferred tax	(1,921)	-
Closing balance	12,770	5,936
Hedging Reserve - Cash Flow Hedges		
Opening balance	(19,913)	(22,685)
Revaluation	(24,859)	9,154
Transfer to net profit - finance costs (net)	35,790	(5,143)
Deferred tax	(3,076)	(1,239)
Closing balance	(12,058)	(19,913)
Foreign Currency Translation Reserve		
Opening balance	(17,802)	(24,087)
Exchange difference on translation of overseas subsidiaries	(4,669)	6,285
Closing balance	(22,471)	(17,802)
Cost of Hedging Reserve		
Opening balance	(1,542)	(1,793)
Revaluations	(6)	(113)
Transfer to finance costs	463	462
Deferred tax	(128)	(98)
Closing balance	(1,213)	(1,542)

31 Derivative Financial Instruments

Accounting Policy

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- (2) hedges of exposures to variability in cash flows associated with recognised assets or liabilities or highly probable forecast transactions (cash flow hedges).

Fair Value Hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the Income Statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cash Flow Hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement.

Amounts accumulated in equity are recognised in the Income Statement in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place).

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised in the Income Statement when the forecast transaction is ultimately recognised in the Income Statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is transferred to the Income Statement.

Derivatives that do not Qualify for Hedge Accounting

Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised in the Income Statement.

	2021	2020	2021	2020
	\$'000 Notional Value	\$'000 Notional Value	\$'000 Fair Value	\$'000 Fair Value
Current Assets				
Cross currency interest rate swaps - cash flow hedges	-	108,220	-	53,218
Forward foreign exchange contracts	30,826	2,152	156	70
Total current derivative financial instrument assets	30,826	110,372	156	53,288
Non-current Assets				
Cross-currency interest rate swaps - cash flow hedges*	142,898	155,618	4,109	23,100
Total non-current derivative financial instrument assets	142,898	155,618	4,109	23,100
Current Liabilities				
Forward foreign currency contracts	-	133,932	-	192
Interest rate swaps - cash flow hedges	-	194,223	-	5,921
Total current derivative financial instrument liabilities	-	328,155	-	6,113
Non-current Liabilities				
Interest rate swaps - cash flow hedges	130,000	210,000	7,528	24,375
Total non-current derivative financial instrument liabilities	130,000	210,000	7,528	24,375
Total net derivative financial instruments			(3,263)	45,900

*A component of the interest margin in US\$100.0 million of these cross currency interest rate swaps is treated as a fair value hedge.

32 Financial Risk Management

The Group's activities expose it to a variety of financial risks – market risks (including currency and interest rate risk), liquidity risk, and credit risk. The Group's overall risk management programme recognises the nature of these risks and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury department under a formal Treasury Policy approved by the Board of Directors. The Treasury Policy sets out written principles for overall risk management, as well as policies covering specific areas such as currency risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess funds. The Treasury Policy sets conservative limits for allowable risk exposures which are formally reviewed regularly.

(a) Market Risk

(i) Currency Risk

The Group operates internationally and is exposed to currency risk, primarily with respect to Australian and US dollars. Exposure to the Australian dollar arises from the Group's investment in, and intercompany loans to, its Australian operations. Exposure to the US dollar arises from funding denominated in that currency.

The Group utilises natural hedges wherever possible with forward foreign exchange contracts used to manage any significant residual risk to the Income Statement.

The Group's exposure to the US dollar (refer to USPP notes detailed in note 13) has been fully hedged by way of cross currency interest rate swaps (**CCIRS**), hedging US dollar exposure on both principal and interest. The CCIRS correspond in amount and maturity to the US dollar borrowings with no residual US dollar exposure.

(ii) Interest Rate Risk

The Group's interest rate risk arises from long-term borrowings.

Interest rate swaps (**IRS**) and CCIRS are utilised to modify the interest repricing profile of the Group's debt to match the profile required by Treasury Policy. All IRS and CCIRS are in designated hedging relationships that are highly effective.

As the Group has no significant interest bearing assets, the Group's revenue is substantially independent of changes in market interest rates.

(iii) Summarised Sensitivity Analysis

SkyCity manages its interest rate and foreign exchange rate exposure to minimise the impact of fluctuations in the market. The residual exposure is not considered material or significant.

(b) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its financial obligations. SkyCity is largely a cash based business and its material credit risks arise mainly from financial instruments utilised in funding and from International Business activity.

Financial instruments (other than International Business discussed below) that potentially create a credit exposure can only be entered into with counterparties that are explicitly approved by the Board. Maximum credit limits for each of these parties are approved on the basis of long term credit rating (Standard & Poor's or Moody's). A minimum long term rating of A+ (Standard & Poor's) or A1 (Moody's) is required to approve individual counterparties.

The maximum credit risk of any financial instrument at any time is the fair value where that instrument is an asset. All derivatives are carried at fair value in the balance sheet. Trade receivables are presented net of an allowance for estimated doubtful receivables.

International Business activity is managed in accordance with accepted industry practice. Settlement risk associated with International Business customers is minimised through credit checking and a formal review and approval process.

The Group has a significant receivable from the NZICC insurers (note 6). The lead insurer is a subsidiary of a leading global firm and has an AA-insurer financial strength rating given by S&P Global Ratings.

Other than the NZICC fire insurance receivable, there are no other significant concentrations of credit risk in the Group.

(c) Liquidity Risk

Liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of unutilised committed credit facilities. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and maintaining flexibility in funding by keeping committed credit lines available with a variety of counterparties and maturities.

Maturities of Committed Funding Facilities

Debt maturities are detailed in note 12.

	LESS THAN 6 MONTHS	6-12 MONTHS	BETWEEN 1 AND 2 YEARS	BETWEEN 2 AND 5 YEARS	OVER 5 YEARS	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2021						
Bank facility	-	360,752	85,000	85,000	-	530,752
USPP notes	-	-	-	151,580	70,231	221,811
New Zealand bonds	-	-	-	-	175,000	175,000
Car park concession liability	-	-	-	-	47,167	47,167
Lease liabilities	1,400	1,615	3,457	11,513	100,822	118,807
Total committed debt facilities	1,400	362,367	88,457	248,093	393,220	1,093,537
Total drawn debt	1,400	49,645	3,457	163,092	393,221	610,815
Future contracted interest on drawn debt	7,280	7,157	14,433	36,096	10,769	75,735
Future interest of lease liabilities	1,702	1,453	2,567	5,557	329,625	340,904
Future contracted interest on CCIRS/IRS	1,101	1,083	1,626	1,040	-	4,850
Total drawn debt and derivatives	11,483	59,338	22,083	205,785	733,615	1,032,304
30 June 2020						
Bank facility	-	120,000	299,786	-	-	419,786
USPP notes	-	155,618	-	171,414	70,005	397,037
New Zealand bonds	128,500	-	-	-	-	128,500
Car park concession liability	-	-	-	-	46,193	46,193
Lease liabilities	240	245	507	1,668	50,013	52,673
Total committed debt facilities	128,740	275,863	300,293	173,082	166,211	1,044,189
Total drawn debt	128,740	170,863	507	173,082	166,211	639,403
Future contracted interest on drawn debt	10,829	6,589	9,635	27,145	9,579	63,777
Future interest of lease liabilities	1,317	1,306	2,578	7,443	301,989	314,633
Future contracted interest on CCIRS/IRS	3,620	2,162	4,088	7,644	1,093	18,607
Total drawn debt and derivatives	144,506	180,920	16,808	215,314	478,872	1,036,420

(d) Fair Value Estimation

The financial instruments are measured in the balance sheet, or disclosed in their respective notes, at fair value by level of the fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (level 3).

Other than the New Zealand bonds, which are listed on the NZDX and therefore level 1, all SkyCity financial instruments, which includes cross-currency interest rate swaps, interest rate swaps and forward foreign currency contracts, are valued using level 2 in the above fair value measurement hierarchy.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Investment properties are valued using level 3 in the above fair value measurement hierarchy.

Specific valuation techniques used to value financial instruments include:

- the fair value of interest rate swaps and cross currency interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves; and
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.

Further details on derivatives are provided in note 31.

(e) Capital Risk Management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern and to maximise returns for shareholders and benefits for other stakeholders over the long term.

In order to optimise its capital structure, the Group manages actual and forecast operational cash flows, capital expenditure and equity distributions.

The Group primarily manages capital on the basis of gearing measured as a ratio of net debt (debt at hedged exchange rates less cash at bank) to normalised EBITDA and interest coverage (normalised EBITDA relative to net interest cost).

The primary ratios were as follows at 30 June:

	2021	2020
Gearing ratio	2.3 x	2.7 x
Interest cover ratio	6.2 x	4.5 x

33 Share-Based Payments

Accounting Policy

SkyCity operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the share rights is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the share rights granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). At each balance sheet date, the Company revises its estimates of the number of shares expected to be distributed. It recognises the impact of the revision of original estimates, if any, in the Income Statement, and a corresponding adjustment to equity over the remaining vesting period.

Current Plans

Executive Long Term Incentive Plan (LTI Plan)

Under the LTI Plan, executives purchase ordinary SkyCity shares funded by an interest-free loan from the Group. The shares purchased by the executives are held by a trustee company with executives entitled to exercise the voting rights attached to the shares and receive dividends, the proceeds of which are used to repay the interest-free loan.

At the end of the restricted period (three to four years), the Group will pay a bonus to each executive to the extent their performance targets have been met which is sufficient to repay the initial interest-free loan associated with the shares which vest. The shares upon which performance targets have been met will then fully vest to the executives. The loan owing on shares upon which performance targets have not been met (the forfeited shares) will be novated from the executives to the trustee company and will be fully repaid by the transfer of the forfeited shares. Performance targets relate to total shareholder return relative to other comparable companies.

At 30 June 2021, the interest free loans relating to the LTI Plan total \$7,152,885 (2020: \$7,918,365).

2018 Chief Operating Officer Commencement Shares (COO Plan)

Under the terms of his employment agreement dated 18 November 2017, the former Chief Operating Officer was issued 35,000 ordinary SkyCity shares on 27 November 2019. There were no performance targets associated with these shares (other than continued employment during the period from his commencement date to November 2019) and no right to dividends prior to the issuance of the shares.

2018 SkyCity Restricted Share Rights Plan (2018 RSR Plan)

The 2018 Short Term Incentive Plan was replaced with the 2018 RSR Plan for 116 staff, with restricted share rights issued to staff after the finalisation of the Group's results. Each right conferred a right to receive one ordinary SkyCity share, which, unless otherwise agreed by the SkyCity Board, would only vest if the relevant employee remained continuously employed by SkyCity (or a company within the Group) from the date of issue until the vesting date on 1 July 2020.

2020 Chief Executive Officer Incentive Shares (CEO Plan)

Under the terms of his employment agreement dated 13 November 2020, the CEO will be issued 166,003 ordinary SkyCity shares on 16 November 2021. There are no performance targets associated with these shares (other than continued employment during the period from his commencement date to November 2021). The CEO will also receive a cash payment equivalent to the cash dividends declared and paid by SkyCity on shares during the 12-month period preceding the anniversary of the commencement date.

Performance Incentive Plan (PIP)

The 2018 RSR Plan was replaced in 2019 with the PIP which includes both cash (the short term incentive scheme component of the PIP) and deferred equity components (the deferred short term incentive component of the PIP).

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

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

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

These restricted share rights will be issued to staff after the finalisation of the Group's results.

Outstanding Share Rights

Movements in the number of share rights outstanding are as follows:

GRANT DATE	EXPIRY DATE	BALANCE AT START OF THE YEAR	GRANTED DURING THE YEAR	EXERCISED DURING THE YEAR	EXPIRED DURING THE YEAR	BALANCE AT END OF THE YEAR
		Number	Number	Number	Number	Number
2021						
LTI Plan						
24/08/16	24/08/20	380,000	-	-	(380,000)	-
23/08/17	23/08/21	850,883	-	-	(100,000)	750,883
22/08/18	22/08/21	434,035	-	-	(58,016)	376,019
28/08/19	28/08/22	484,638	-	-	(64,220)	420,418
17/09/20	17/09/23	-	642,067	-	(85,081)	556,986
CEO Plan						
16/11/20	16/11/21	-	166,003	-	-	166,003
2018 RSR Plan						
11/09/18	01/07/20	1,808,708	-	(1,808,708)	-	-
PIP						
06/09/19	06/09/20	503,744	-	(503,744)	-	-
10/09/19	10/09/20	23,047	-	(23,047)	-	-
06/09/19	06/09/21	472,291	-	-	(12,964)	459,327
10/09/19	10/09/21	8,720	-	-	-	8,720
Total		4,966,066	808,070	(2,335,499)	(700,281)	2,738,356
2020						
LTI Plan						
26/08/15	28/08/19	360,000	-	-	(360,000)	-
24/08/16	24/08/20	395,000	-	-	(15,000)	380,000
23/08/17	23/08/21	865,883	-	-	(15,000)	850,883
22/08/18	22/08/21	434,035	-	-	-	434,035
28/08/19	28/08/22	-	508,207	-	(23,569)	484,638
COO Plan						
18/11/17	18/11/19	35,000	-	(35,000)	-	-
2018 RSR Plan						
11/09/18	01/07/20	1,859,641	-	-	(50,933)	1,808,708
PIP						
06/09/19	06/09/20	-	508,296	-	(4,552)	503,744
10/09/19	10/09/20	-	23,047	-	-	23,047
06/09/19	06/09/21	-	498,004	-	(25,713)	472,291
10/09/19	10/09/21	-	8,720	-	-	8,720
Total		3,949,559	1,546,274	(35,000)	(494,767)	4,966,066

The weighted average remaining contractual life of rights outstanding at the end of the period was 0.74 years (2020: 0.65 years).

Fair Values

Fair Value of Share Rights Granted

The assessed fair value at grant date of the rights granted on 17 September 2020 was \$0.96 (28 August 2019 was \$1.14). This was calculated using the single index model by Ernst & Young Transaction Advisory Services Limited.

The valuation inputs for the rights granted on 17 September 2020 included:

- (a) rights are granted for no consideration;
- (b) exercise price: nil (2020: nil); and
- (c) share price at grant date: \$2.94 (2020: \$3.90).

The expected price volatility is derived by analysing the historic volatility over a recent historical period similar to the term of the right.

Fair Value of Chief Executive Officer Incentive Shares

The assessed fair value at grant date of the incentive shares at 16 November 2020 was \$2.62. This was calculated using the European call option model by Ernst & Young Transaction Advisory Services Limited.

The valuation inputs for the commencement shares on 16 November 2020 included:

- (a) no consideration;
- (b) exercise price: nil; and
- (c) share price at grant date: \$2.96.

The expected price volatility is derived by analysing the historic volatility over a recent historical period similar to the term of the commencement shares.

Fair Value of SkyCity Restricted Share Rights

The assessed fair value of each right was determined by Ernst & Young Transaction Advisory Services Limited at \$3.02.

Fair Value of SkyCity Deferred Share Rights

No rights were issued in respect of the year ended 30 June 2020. The assessed value of each 2019 right was determined by Ernst & Young Transaction Advisory Services Limited. Rights vesting one year after year end were valued at \$3.68 and rights vesting two years after year end were valued at \$3.33.

Expenses Arising from Share-Based Payment Transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2021	2020
	\$'000	\$'000
Rights issued under Share Rights Plans	3,253	3,698

34 Related Party Transactions

(a) Key Management Personnel Compensation

Key management personnel compensation is set out below. The key management personnel are all the directors of the company, the CEO and the Senior Leadership Team.

	SHORT TERM BENEFITS	TERMINATION BENEFITS	SHARE-BASED PAYMENTS	TOTAL
	\$'000	\$'000	\$'000	\$'000
2021	11,618	1,456	1,424	14,498
2020	7,372	-	2,045	9,417

(b) Other Transactions with Key Management Personnel or Entities Related to Them

Certain directors and management have relevant interests in a number of companies with which SkyCity has transactions in the normal course of business. A number of SkyCity directors are also non-executive directors of other companies, and a register of directors' interests is maintained. Any transactions undertaken with these entities have been entered into in the normal course of business.

Certain directors and management hold shares in SkyCity and receive dividends in the normal course of business.

In the current year, consultancy services of \$88,855 (2020: nil) were paid to new directors, for the period from 29 March to 7 June 2021 (inclusive), prior to their appointment.

From time to time, certain directors provide additional consultancy services to the Group outside of their capacity as directors. No additional fees were paid in the current year (2020: \$18,900).

(c) Subsidiaries

Interests in subsidiaries are set out in note 35.

35 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following significant subsidiaries in accordance with the accounting policy described in note 1(c):

			2021	2020
			%	%
Cashel Asset Management Limited	New Zealand	Ordinary	100%	100%
Horizon Tourism New Zealand Limited (formerly SkyCity Wellington Limited)	New Zealand	Ordinary	100%	100%
Lets Play Live Media Limited	New Zealand	Ordinary	100%	100%
New Zealand International Convention Centre Limited	New Zealand	Ordinary	100%	100%
Otago Casinos Limited	New Zealand	Ordinary	100%	100%
Queenstown Casinos Limited	New Zealand	Ordinary	100%	100%
Sky Tower Limited	New Zealand	Ordinary	100%	100%
SkyCity Action Management Limited	New Zealand	Ordinary	100%	100%
SkyCity Auckland Holdings Limited	New Zealand	Ordinary	100%	100%
SkyCity Auckland Limited	New Zealand	Ordinary	100%	100%
SkyCity Casino Management Limited	New Zealand	Ordinary	100%	100%
SkyCity Development Limited	New Zealand	Ordinary	100%	100%
SkyCity Enterprises Limited	New Zealand	Ordinary	100%	100%
SkyCity Hamilton Limited	New Zealand	Ordinary	100%	100%
SkyCity Holdings Limited	New Zealand	Ordinary	100%	100%
SkyCity International Holdings Limited	New Zealand	Ordinary	100%	100%
SkyCity Investments Australia Limited	New Zealand	Ordinary	100%	100%
SkyCity Investments Queenstown Limited	New Zealand	Ordinary	100%	100%
SkyCity Management Limited	New Zealand	Ordinary	100%	100%
SkyCity Precinct Limited	New Zealand	Ordinary	100%	100%
SkyCity Projects Limited	New Zealand	Ordinary	100%	100%
SkyCity Properties Limited	New Zealand	Ordinary	100%	100%
SkyCity Properties Albert St Limited	New Zealand	Ordinary	100%	100%
SkyCity Properties Victoria St Limited	New Zealand	Ordinary	100%	100%
SkyCity Ventures Limited	New Zealand	Ordinary	100%	100%
TNZ Esports Limited	New Zealand	Ordinary	100%	100%
LPL Media Pty Limited	Australia	Ordinary	100%	100%
SkyCity Adelaide Pty Limited	Australia	Ordinary	100%	100%
SkyCity Australia Finance Pty Limited	Australia	Ordinary	100%	100%
SkyCity Australian Limited Partnership	Australia	Ordinary	100%	100%
SkyCity Australia Pty Limited	Australia	Ordinary	100%	100%
SkyCity Treasury Australia Pty Limited	Australia	Ordinary	100%	100%
Horizon Tourism Limited	Hong Kong	Ordinary	100%	100%
SkyCity Investment Holdings Limited	Hong Kong	Ordinary	100%	100%
SkyCity Malta Holdings Limited	Malta	Ordinary	100%	100%
SkyCity Malta Limited	Malta	Ordinary	100%	100%
SkyCity Management (UK) Limited	United Kingdom	Ordinary	100%	100%

All wholly-owned subsidiary companies have balance dates of 30 June.

36 Contingencies

(a) Contingent Liabilities

The possibility exists for the Group to receive third party claims in respect to the NZICC fire. However, only minor claims have been received to date. It is the Group's expectation that any claims received will be covered by either the insurers or the Contractor (FCC) (30 June 2021 and 30 June 2020: nil).

SkyCity operates in an industry with a complex regulatory framework. During FY21, there was heightened focus from a range of regulators across New Zealand and, in particular Australia. SkyCity takes its obligations seriously, and continues to work proactively with its regulators and respond to their inquiries.

On 4 June 2021, SkyCity was notified by AUSTRAC's Regulatory Operations Team that it had identified potential serious non-compliance by SkyCity Adelaide Pty Limited (**SkyCity Adelaide**) with the Australian Anti-Money Laundering and Counter-Terrorism Financing Act 2006 and Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No. 1) and it had therefore referred the matter to AUSTRAC's Enforcement Team, which had initiated a formal enforcement investigation into the compliance of SkyCity Adelaide. The potential serious non-compliance includes concerns relating to ongoing customer due diligence, adopting and maintaining an AML/CTF Program and compliance with Part A of an AML/CTF Program. These concerns were identified in the course of a compliance assessment which AUSTRAC commenced in September 2019 focusing on SkyCity Adelaide's management of customers identified as high risk and politically exposed persons over the periods from 1 July 2015 - 30 June 2016 and 1 July 2018 - 30 June 2019.

AUSTRAC has made clear that it has not made a decision regarding the appropriate regulatory response that it may apply to SkyCity Adelaide, including whether or not enforcement action will be taken. AUSTRAC has indicated that it will request information from SkyCity as part of its investigation. SkyCity will fully co-operate with AUSTRAC in relation to those inquiries and with the investigation of SkyCity Adelaide.

No provision has been made in relation to this or other regulatory matters in the financial statements, as these matters do not meet the requirements for recognition as a provision.

(b) Contingent Assets

As detailed in note 6, the Group intends to seek recovery from the Contractor (FCC) for losses associated with the NZICC fire that are not covered by the insurers. These losses include insurance excesses, payments to Macquarie under the Auckland Car Park Concession Agreement and other items. To date, the Group has identified \$23.3 million (2020: \$8.9 million) of costs where it does not believe that recovery is virtually certain at this time and therefore no income has been recognised. However, recovery of these costs is considered probable and they are therefore included as a contingent asset. This is not the full extent of the expenses and losses that may be claimed from the NZICC or Horizon Hotel Contractor relating to the fire and construction delays.

There are no other significant contingent assets at year end (2020: nil).

37 Commitments

Capital Commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as set out below.

	2021	2020
	\$'000	\$'000
Property, plant and equipment	445,269	440,342

The above commitments include the estimated cost of reinstating the NZICC and Horizon Hotel. The cost of reinstating the damage to the NZICC and Horizon Hotel arising from the NZICC fire is currently estimated to be \$365.0 million to \$450.0 million (2020: \$330.0 million to \$375.0 million) for the NZICC and \$14.6 million to \$21.0 million (2020: \$6.0 million) for the Horizon Hotel. The actual costs may be materially different to these estimates. Further information is included in note 6.

38 Reconciliation of Profit after Income Tax to Net Cash Inflow from Operating Activities

	2021	2020
	\$'000	\$'000
Profit for the year	156,126	235,388
Depreciation and amortisation (including discontinued operations)	91,413	86,559
Net finance costs	32,455	28,613
Current period employee share expense	3,253	3,697
Gain on sale of fixed assets	528	(66,779)
Fair value adjustment to investment property	(7,386)	14,055
NZICC fire related income	(170,727)	(384,500)
NZICC fire related costs	141,845	108,090
Asset impairment	8,834	160,600
Share of profits/(losses) of associates	-	83
Change in operating assets and liabilities		
Change in receivables and prepayments	8,847	7,041
Change in inventories	(559)	(169)
Change in deferred tax asset	(2,467)	(2,748)
Change in current payables	(21,677)	(6,270)
Change in deferred tax liability	11,856	(24,271)
Change in tax receivable - current	1,989	(1,059)
Change in non-current payables	9,748	9,057
Change in tax payable - current	15,480	(13,877)
Investing and financing items included in working capital movements	8,627	(33,344)
Net cash inflow from operating activities	288,185	120,166

39 Events Occurring after the Balance Sheet Date

(a) Dividend

On 24 August 2021, the directors resolved to provide for a dividend to be paid in respect of the year ended 30 June 2021. The fully imputed, unfranked dividend of 7.0 cents per share will be paid on 24 September 2021 to all shareholders on the Company's register at the close of business on 17 September 2021.

(b) COVID-19

The SkyCity Adelaide casino and entertainment facilities were closed from midnight (Australian Central Standard Time) on 19 July 2021 and reopened in a staged manner from 10.00am (Australian Central Standard Time) on 28 July 2021 in response to the COVID-19 mandated restrictions imposed by the South Australian Government in connection with a new COVID-19 cluster in South Australia.

On 17 August 2021, the New Zealand Government announced a lockdown of the whole of New Zealand, following the detection of a COVID-19 case in Auckland. The lockdown came into effect at 11:59pm on 17 August 2021 and required the closure of all non-essential businesses and organisations. All SkyCity facilities and offices in New Zealand closed on 17 August 2021, with the exception of the Auckland hotels, which remained open for guests, with food and beverage services available only through delivery to rooms. At the time of signing these financial statements, the lockdown is still in force and additional COVID-19 cases have been detected in Auckland and Wellington.

(c) Long Stop Date

The NZICC is being built under an agreement between the Group and the Crown. Under that agreement, the NZICC must be completed by a specified date, referred to as the completion long stop date. Subsequent to the reporting date, the Crown has agreed to an extension of the completion long stop date - the revised date is now 15 December 2027 (previously 2 January 2025). SkyCity expects to complete the NZICC before this date.

(d) Recent Australian Employment Law

In the interim financial statements, the Group disclosed a contingent liability in relation to the potential change in the treatment of some Australian casual employees that might arise from legal cases that were in progress. Subsequent to the reporting date, the Australian High Court delivered a judgment that means the definition of a casual employee will not change. As a result, no contingent liability is disclosed in these financial statements.

(e) Partial Repayment of the New Zealand Government Wage Subsidy

On 27 July 2021, the Group made a \$6.7 million voluntary partial repayment of wage subsidies to the New Zealand Government (note 5).

(f) Syndicated bank facility

Subsequent to the reporting date, SkyCity's syndicated bank facility was restructured (note 12).

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Reconciliation of Normalised Results to Reported Results

SkyCity's objective of producing normalised financial information is to provide data that is useful to the investment community in understanding the underlying operations of the Group. The intention is to provide information that:

- is representative of SkyCity's underlying performance (as a potential indicator of future performance);
- can be compared across years; and
- can assist with comparison between publicly listed casino companies in New Zealand and Australia.

This objective is achieved by:

- eliminating inherent volatility (or "luck" factor) from International Business, which has variable turnover and actual win percentage from period to period;
- eliminating structural differences in the business between periods; and
- eliminating known different treatments with other New Zealand and Australian publicly listed casino companies.

SkyCity believes that, by making these adjustments, the users of the financial information will be able to understand the underlying performance of the Group and form a view on the future performance of the business.

For internal purposes, including budgeting and determination of staff incentives, the normalised results are used.

Non-GAAP information is prepared in accordance with the company's Non-GAAP Financial Information Policy, which is reviewed and approved by the SkyCity Board at each reporting period. The Non-GAAP Financial Information Policy was applied consistently in respect of the financial years ended 30 June 2020 and 30 June 2021.

The differences between the company's FY21 and FY20 reported and normalised information is summarised in the table below:

	FY21				FY20			
	Revenue \$m	EBITDA \$m	EBIT \$m	NPAT \$m	Revenue \$m	EBITDA \$m	EBIT \$m	NPAT \$m
Reported	951.9	317.3	225.9	156.1	1,125.0	348.3	261.7	235.4
International Business revenue adjustment	7.3	-	-	-	39.3	-	-	-
Gaming GST	78.7	-	-	-	73.4	-	-	-
International Business at theoretical win rate	(5.3)	(4.9)	(4.9)	(3.6)	(7.3)	0.1	0.1	0.2
Gain on sale – Auckland car parks	-	-	-	-	(66.4)	(66.4)	(66.4)	(66.4)
Revaluation of Auckland properties	-	(7.4)	(7.4)	(7.4)	-	14.1	14.1	14.1
Liquidated damages	(39.5)	(39.5)	(39.5)	(39.5)	-	-	-	-
NZICC fire impacts	(170.7)	(22.4)	(22.4)	(24.2)	(384.5)	(269.4)	(269.4)	(268.5)
Labour restructure	-	-	-	-	-	13.5	13.5	9.7
Funding plan costs	-	-	-	-	-	-	-	5.4
Deferred tax liability reversal	-	-	-	-	-	-	-	(24.1)
Asset impairment	-	8.8	8.8	8.8	-	160.6	160.6	160.6
Normalised	822.3	252.0	160.6	90.3	779.5	200.7	114.2	66.3

Adjustment	Discussion
Treat International Business commissions as an expense rather than reduction in revenue which reduces both reported revenue and operating expenses within International Business (by \$7.3 million in FY21 and \$39.3 million in FY20)	<ul style="list-style-type: none"> This adjustment adds back International Business commissions (treated as a reduction from revenue in the reported results) and increases both revenue and expenses. This adjustment does not impact EBITDA, EBIT or NPAT. This adjustment has been made to maintain the relationship between turnover and the theoretical win rate of 1.35% when determining normalised revenue.
Add gaming GST to reported revenue (by \$78.7 million in FY21 and \$73.4 million in FY20)	<ul style="list-style-type: none"> Reported revenue included within the financial statements of the Group excludes GST. This adjustment adds back GST associated with gaming so that normalised revenue equals the amount bet by gaming customers. All publicly listed New Zealand and Australian casino companies include GST associated with gaming within their revenue results. Including gaming GST within reported revenue is not consistent with GAAP and SkyCity therefore does not do so. However, SkyCity does include gaming GST within its normalised revenue. This adjustment does not impact EBITDA, EBIT or NPAT.
Apply theoretical win rate of 1.35% for International Business vs actual win rate of 1.67% (FY21) and 1.47% (FY20)	<ul style="list-style-type: none"> This adjustment recalculates gaming win from International Business to the theoretical win rate. The vast majority of International Business play is Baccarat. Statistically, over the long term the casino expects to win 1.35% of all bets taken on Baccarat. However, in any particular reporting period the actual results of play will vary depending on "luck". The 1.35% win rate is used by all publicly listed New Zealand and Australian casino companies in addition to casino companies in Asia and the United States. In order to understand the long term results within International Business there is the need to eliminate the inherent volatility or "luck" factor.

Adjustment	Discussion
Eliminate net gain (\$24.2 million post-tax) arising from impacts of NZICC fire (\$268.5 million in FY20)	<ul style="list-style-type: none"> On 22 October 2019, there was a significant fire at the construction site of the New Zealand International Convention Centre (NZICC) in Auckland. This fire has caused extensive damage to the NZICC and damage to the Horizon Hotel which is being constructed on the adjacent site. Both buildings are insured and all significant costs associated with the fire are expected to be covered. Any costs not covered by insurance are expected to be sought from Fletcher Construction. The fire has significant implications for the financial statements for the Group which were recognised in FY20 – these impacts are explained further on pages 184 – 188 in SkyCity's FY20 financial statements which have been released to the NZX and ASX. The FY20 financial statements included a number of significant judgements and estimates to determine the appropriate accounting. These judgements and estimates have continued to be reviewed as new information has become available – following a revised damage assessment for the NZICC/Horizon Hotel, the expected insurance recovery relating to the asset has increased and is required to be recognised as income as SkyCity is principal in the insurance relationship. This income has been offset by an increase in costs relating to demolition and deconstruction of the site post fire that are required to be expensed as incurred. The NZICC fire (and associated accounting impact) is a significant, one-off event that has impacted the comparability of the FY21 result with the prior year.
Eliminate benefit (\$39.5 million) arising from liquidated damages on NZICC/Horizon Hotel withheld due to late practical completion	<ul style="list-style-type: none"> SkyCity entered into Building Works Contracts on the NZICC/Horizon Hotel projects in November 2015. Under the Building Works Contracts, liquidated damages apply for late delivery of contractual completion milestones. Given the significant delays to completion of the NZICC/Horizon Hotel, SkyCity has claimed and deducted liquidated damages under the Building Works Contracts of \$39.5 million. Following several pre-fire claims being settled with Fletcher Construction during 1H21, recovery of the liquidated damages has been deemed virtually certain and hence the full amount is required to be accounted for as income in SkyCity's interim financial statements. The liquidated damages are a significant, abnormal event – making this adjustment which eliminates the abnormal gain will enhance the reader's understanding as this item does not impact the underlying operations of the Group.

GRI Content Index

General Standard Disclosures

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Adjustment	Discussion
Reverse impact of revaluation (increase of \$7.4 million) of Auckland investment properties (FY20: reduction of \$14.1 million)	<ul style="list-style-type: none"> SkyCity has a number of investment properties in Auckland. In accordance with the appropriate accounting standard, these investment properties will be revalued by an independent expert every year and the carrying value adjusted within the Group's financial statements. This adjustment eliminates/reverses the increase/decline in value of these properties. The revaluation is non-cash and unrelated to the operations of the Group. This adjustment will be made each year to determine the Group's normalised results.
AA Centre (SkyCity HQ) impairment (\$8.8 million)	AA Centre <ul style="list-style-type: none"> In FY21, the Group impaired the AA Centre (SkyCity HQ), majority owned by SkyCity, by \$8.8 million. The impairment arose due to revised expectations regarding the carrying value of the asset and the cost of significant improvements and remediation required to the building over the past year. This adjustment eliminates this non-cash expense.
SkyCity Adelaide licence impairment (A\$150 million) (FY20 only)	SkyCity Adelaide <ul style="list-style-type: none"> In FY20, the Group impaired the SkyCity Adelaide casino licence by A\$150 million (\$160.6 million). The impairment arose due to revised expectations regarding the timeframe for SkyCity Adelaide to achieve its long term potential earnings following completion of the expansion project. The reduced earnings outlook for SkyCity Adelaide have been exacerbated in the short-to-medium term by the impacts of COVID-19, including an expectation that International Business activity may take some years to recover. This adjustment eliminates this non-cash expense.
Eliminate gain (\$66.4 million) arising from Auckland car park concession sale (completed in August 2019) (FY20 only)	<ul style="list-style-type: none"> The FY20 reported results included a significant gain relating to the Auckland car park concession sale which settled in August 2019. The adjustment reverses these gains.
Labour restructure (\$13.5 million) and funding plan costs (\$5.4 million post-tax) (FY20 only)	<ul style="list-style-type: none"> As part of its response to COVID-19, SkyCity undertook a labour restructure in New Zealand and implemented a new funding plan in FY20. This adjustment eliminates the costs associated with those actions.
Deferred tax liability reversal (\$24.1 million) (FY20 only)	<ul style="list-style-type: none"> As part of its response to COVID-19, the New Zealand Government reinstated tax depreciation for commercial properties, this resulted in a non-cash accounting reduction in the FY20 tax expense. This adjustment eliminates this one-off reduction to tax expense.

SECTION	ASPECT / GRI DISCLOSURE	DESCRIPTION	PUBLICATION	PAGE(S)	LIMITATIONS	EXTERNAL ASSURANCE
Organisational Profile	102-9	Supply chain	Annual Report 2021: Our Suppliers	108 – 113		Yes
	102-10	Significant changes to the organisation and its supply chain	Annual Report 2021: Chair's Review, Chief Executive Officer's Review and Delivering Our Group Strategy	4 – 7 27 – 33		
	102-11	Precautionary principle or approach	SkyCity Ethical Sourcing Code	110		
	102-12	External initiatives	Annual Report 2021: Our Sustainability Annual Report 2021: Our People Annual Report 2021: Our Environment	70 – 77 88 – 101 116 – 125		Yes Yes
Strategy	102-14	Statement from senior decision-maker	Annual Report 2021: Chair's Review, Chief Executive Officer's Review and Delivering Our Group Strategy	4 – 7 27 – 33		
Ethics and Integrity	102-16	Values, principles, standards and norms of behaviour	SkyCity Code of Conduct	www.skycityentertainmentgroup.com		
Governance	102-18	Governance structure	Annual Report 2021: Our Senior Leadership Team	64 – 68		
			Annual Report 2021: Corporate Governance Statement and Other Disclosures	128 – 137		
Stakeholder Engagement	102-40	List of stakeholder groups	Annual Report 2021: Our Sustainability	www.skycityentertainmentgroup.com		
	102-41	Collective bargaining agreements	Annual Report 2021: Our People	88 – 101		
	102-42	Identifying and selecting stakeholders	SkyCity Code of Conduct	www.skycityentertainmentgroup.com		
	102-43	Approach to stakeholder engagement	SkyCity Code of Conduct	www.skycityentertainmentgroup.com		
	102-44	Key topics and concerns raised	Annual Report 2021: Our Sustainability	70 – 77		
Reporting Practice	102-45	Entities included in the consolidated financial statements	Annual Report 2021: Notes to the Financial Statements	173 / 214		
	102-46	Defining report content and topic boundaries	Annual Report 2021: About this Annual Report Annual Report 2021: Our Sustainability	34 – 49 70 – 77		
	102-47	List of material topics	Annual Report 2021: Our Sustainability	70 – 77		

SECTION	ASPECT / GRI DISCLOSURE	DESCRIPTION	PUBLICATION	PAGE(S)	LIMITATIONS	EXTERNAL ASSURANCE
Reporting Practice	102-48	Restatements of information	Not applicable	N/A		
	102-49	Changes in reporting	Annual Report 2021: Notes to the Financial Statements	172 – 174		
	102-50	Reporting period	Annual Report 2021	Cover Page		
	102-51	Date of most recent report	Annual Report 2021: About this Annual Report	9		
	102-52	Reporting cycle	Annual Report 2021	Cover Page		
	102-53	Contact point for questions regarding the report	Annual Report 2021: Our Sustainability	70		
			Annual Report 2021: Remuneration Report	138		
			Annual Report 2021: Directory	228		
	102-54	Claims of reporting in accordance with the GRI standards	Annual Report 2021: About this Annual Report	9		

Limitations:

Note 1 – The reporting on GRI 102-8 on employees and other workers does not include ‘activities performed by workers who are not employees’ and ‘significant variations in numbers reported’.

Specific Standard Disclosures

SECTION	ASPECT / GRI DISCLOSURE	DESCRIPTION	PUBLICATION	PAGE(S)	LIMITATIONS	EXTERNAL ASSURANCE
Conserve the Environment	GRI 103	Energy management approach	Annual Report 2021: Our Environment	116 – 125		
	GRI 302-3	Energy intensity	Annual Report 2021: Our Environment	116 – 125		
	GRI 103	Emissions management approach	Annual Report 2021: Our Environment	116 – 125		
	GRI 305-4	GHG emissions intensity	Annual Report 2021: Our Environment	116 – 125		
Source Ethically and Responsibly	GRI 103	Ethical and sustainable procurement management approach	Annual Report 2021: Our Suppliers	108 – 115		

Glossary

SECTION	ASPECT / GRI DISCLOSURE	DESCRIPTION	PUBLICATION	PAGE(S)	LIMITATIONS	EXTERNAL ASSURANCE
Inspire Our People	GRI 103	Health and safety management approach	Annual Report 2021: Our Risk Profile and Management	50 – 59		
			Annual Report 2021: Health, Safety and Wellbeing	90 – 91		
	GRI 403-2	Types and rates of injury	Annual Report 2021: Our Risk Profile and Management	50 – 59		
			Annual Report 2021: Health, Safety and Wellbeing	90 – 91		
	GRI 103	Employee engagement management approach	Annual Report 2021: Our People	88 – 101		
	GRI 404-2	Employee programmes	Annual Report 2021: Our People	88 – 101		
	GRI 103	Diversity, inclusion and belonging management approach	Annual Report 2021: Our People	88 – 101		
	GRI 405-1	Governance and employee diversity	Annual Report 2021: Our People	88 – 101		Yes
			SkyCity Diversity and Inclusion Policy	www.skycityentertainmentgroup.com		
Host Responsibly	GRI 103	Customer health and safety management approach	Annual Report 2021: Our Risk Profile and Management	50 – 59		
			Annual Report 2021: Our Customers	78 – 87		
	GRI 416-1	Assessment of health and safety of products and services	Annual Report 2021: Our Risk Profile and Management	50 – 59		
			Annual Report 2021: Our Customers	78 – 87		
	GRI 416-2	Non-compliance incidents related to health and safety of products and services	Annual Report 2021: Our Customers	78 – 87		
	GRI 103	Socio-economic compliance management approach	Annual Report 2021: Our Customers	78 – 87		
	GRI 419-1	Non-compliance with socio-economic laws and regulations	Annual Report 2021: Our Customers	78 – 87	Note 2	

Limitations:

Note 2 – The reporting of GRI 419-1 on Non-compliance with Socio-Economic Laws and Regulations does not include economic laws and regulations.

Casino Win

the amount lost or spent by players, calculated as Turnover minus amounts awarded to players

EBIT

earnings before interest and tax

EBITDA

earnings before interest, tax, depreciation and amortisation

GAAP

generally accepted accounting principles

Hold or Win Rate

casino win expressed as a percentage of turnover

Normalised EBITDA

earnings before interest, tax, depreciation and amortisation adjusted to take into account a theoretical win rate of 1.35% on International Business play and other adjustments and calculated in accordance with SkyCity's Non-GAAP Financial Information Policy

Normalised NPAT

net profit after tax adjusted to take into account a theoretical win rate of 1.35% on International Business play and other adjustments and calculated in accordance with SkyCity's Non-GAAP Financial Information Policy

Normalised Revenue

revenue adjusted to take into account a theoretical win rate of 1.35% on International Business play and other adjustments and calculated in accordance with SkyCity's Non-GAAP Financial Information Policy

Normalised Win Rate

the expected long term average hold

NPAT

net profit after tax

Reported EBITDA

earnings before interest, tax, depreciation and amortisation calculated in accordance with GAAP in New Zealand

Reported NPAT

net profit after tax calculated in accordance with GAAP in New Zealand

Reported Revenue

revenue calculated in accordance with GAAP in New Zealand

RevPar

revenue per available room

Turnover

total amount wagered by players

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