

26 October 2007

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Dear Sir/Madam

**RE: SKYCITY ENTERTAINMENT GROUP LIMITED 2007 ANNUAL MEETING
CHAIRMAN'S AND EXECUTIVE DIRECTOR'S ADDRESSES**

Set out below are edited versions of the Chairman's and Executive Director's addresses from the SKYCITY Entertainment Group Limited Annual Meeting, held today in Auckland.

CHAIRMAN'S ADDRESS (Rod McGeoch)

Year on Year Performance

While we have seen positive results in some areas of the business, overall, the results of the past 12 months were disappointing, largely as a result of the under-performance of the Auckland business, which is the key driver of the Group's overall outcome.

Our aim is simple. We want to see the business delivering the results it produced in its first 11 years - creating long-term value for the SKYCITY Entertainment Group and delivering solid returns for you as shareholders.

We are confident that the business has identified what needs to be done - and are getting on with a wide range of programmes and initiatives that will turn our results around.

Leadership Change

I would like to thank Elmar Toime for agreeing to become Executive Director - after Evan Davies stood down as CEO just on four months ago.

Elmar's extensive experience with the company has enabled him to quickly and effectively increase the momentum for change within the business - ensuring that the restructuring programme did not slow down or lose focus after Evan's departure.

CEO Recruitment

Significant progress has been made in identifying potential CEO's.

With the assistance of the international search firm appointed to this process, we now have a shortlist of three outstanding candidates who bring a mix of dynamic leadership and proven experience - from both gaming and non-gaming backgrounds. Each candidate has a strong track record of commercial success and proven ability to lead a company and maintain strong relationships with key stakeholders.

Subject to the takeover processes currently in progress, we are on track to make a CEO appointment by Christmas. The board has asked Elmar to stay in the role of Executive Director until then and he has agreed to do so. We appreciate his willingness to continue to undertake this role on behalf of the board.

New Directors

We have made excellent progress in recruiting new non-executive directors and are now in the final appointment process. Subject to regulatory approvals, we hope to be able to announce these shortly.

Acquisition Approaches Received

Over the past few weeks we have received and announced two expressions of interest in the company from external parties.

We see these as further endorsement of the success and attractiveness of this business. Both parties are currently in the due diligence process and we expect to have more clarity regarding their intentions by the end of November.

If, and when, we receive a credible proposal, we intend to share it with shareholders to enable them to assess whether they would like to accept it or not. We will be retaining an independent expert to assess any proposal that is put before shareholders.

I want to stress that the strategic and operational changes within the business, that are underway and planned, are not affected by the due diligence processes and Elmar and his team continue to be firmly focused on identifying areas for improvement and growth.

Focus for 2008

The benefits of some of these changes are already being seen in the business - with the results for the first quarter of this year generally in line with expectations.

Like many other operators in our sector around the world, we have faced increased competition from other gaming and entertainment alternatives. These are a reality today and the true measure of our success is how we do when faced with competition.

As I said earlier the directors are confident that we have the strategies, management plans and the determination and capability to see the business return to the levels of profitability it has delivered in previous years.

2008 Profit Guidance

As a result, the board is today confirming the company's profit guidance for the 2008 financial year.

In conjunction with the 2007 result announcement in August, we provided profit guidance for the 2008 year, indicating an expected increase of 10%-12% in reported net profit.

With almost one third of the 2008 financial year now completed, the board remains comfortable with this projection.

Closing

Our focus is, and has always been, to produce the best possible return for shareholders.

This company has delivered excellent financial returns over an extended period and the board is firmly resolved to seeing the company's returns regain momentum through the optimum combination of growth and productivity.

R H McGeoch
Chairman
26 October 2007

EXECUTIVE DIRECTOR'S ADDRESS (Elmar Toime)

When I started in this executive role, I had the personal resolve, supported by the board, to ensure the business was driving forward. I wasn't interested in just keeping the seat warm while a new CEO was recruited.

I am committed to lead the change and reform in SKYCITY and to do all that is necessary to secure a strong future for the company.

2007 Performance

Whilst a number of business units performed well - Darwin, Hamilton, and Auckland's attractions businesses achieved good growth in revenues and profits.

Other part of the business did not deliver to expectations for various reasons:

- in Auckland, the disruption to customer engagement on the main gaming floor during the renovations had a significantly greater impact on performance than was anticipated
- in Adelaide, the quality of offering from the increasingly competitive bar and club product over the past 12-18 months, together with the delay in getting our property facility upgrade underway, restricted the revenue potential, and

- our cinema operations were impeded by weaker film product and lower than expected initial performance at the new Queensgate, Lower Hutt property.

We understand what affected our performance in 2007.

Preparing the Business for Change

We have restructured the business, resulting in flatter and more streamlined management levels, with the primary purpose of reducing overhead costs and improving the speed of decision-making.

The resultant management team is geared for results.

I am delighted to be working with such a talented and committed SKYCITY leadership group who all share the determination to focus and change the business. I cannot emphasise this point enough, and I can assure shareholders that a lot of fresh thinking has emerged in recent months.

Shareholders will be aware of our review of underperforming assets.

We have advanced the Cinemas business sale and expect offers from interested parties within the next two weeks.

We have put the sale of the Adelaide casino on hold pending the outcome of takeover approaches currently in progress. However, we are confident that we have a strong development and recovery plan for Adelaide that underpins the company's internal view of that business.

We have made significant progress in our cost reduction programme. This is being achieved whilst improving service standards, improving safety of customers and growing our investment in the communities in which we operate. As an example of our community contribution, SKYCITY in the 2007 financial year donated nearly \$3 million to more than 250 different community groups within New Zealand.

With our various changes either implemented or in progress, we believe the blueprint is in place and we have the right team to deliver.

Our Plans for Growth

SKYCITY began as one of New Zealand's first casinos almost 12 years ago. It set a standard for excitement that casinos around the world are known for. A unique entertainment experience is in essence what SKYCITY offers.

We understand that our core activity is gaming and that our gaming licences are what give us our unique business attributes. However, it also has to be understood that the gaming experience sits within the broader and highly competitive entertainment sector. That means that we have to ensure that SKYCITY is a 'leading entertainment destination'.

Simply put, we are focused on developing our core gaming product and our accompanying on-site entertainment assets.

To do this we have to refresh our brand, refresh our product, and refresh our service standards.

Over the past three years, we have faced increasing competition for share of the entertainment dollar, from gaming machines in pubs and clubs to the various lottery products, in all of our locations.

Our customers have told us we have lost some of the elements that made us unique.

We know our customers want to come to SKYCITY for the atmosphere and the excitement.

Our strategy going forward is simple. We can offer a uniquely thrilling experience. In essence SKYCITY is an 'adults' playground that is built around the 'thrill of gaming'.

We are shifting from 'fun' to 'thrill' and, in doing so, we will bring back the atmosphere and excitement our customers are seeking.

If we have a brand, what are our products? These are our gaming assets and we are enhancing these. Our main gaming floor refurbishment here in Auckland is integral to that.

But it's not just about the fixtures and fittings themselves. The entire gaming floor is being segmented to offer our customers zones of choice to suit their preferred style of play.

To support this, our choice of gaming product, for the first time since we opened, is now under the spotlight by a team of our own international gaming experts.

But, it doesn't stop at gaming. Our entertainments will be more special than ever before - we'll be offering the unexpected, something surprising every time.

And we believe we can carry this concept of a unique experience into our Adelaide casino as well.

Our ideas for New Year's Eve this year will be a taste of things to come - magical and mysterious, reflected across every element from menus to entertainers. For the tenth year running SKYCITY will, next year on 23 February, be the host sponsor of the SKYCITY Starlight Symphony in the Auckland Domain.

And we are delighted to advise that one of New Zealand's most celebrated contemporary figures - Dame Kiri Te Kanawa - will be our special guest performer. We expect over 150,000 New Zealanders will enjoy this spectacular show.

Our people are fundamental in achieving the change required. Our brand is nothing without our people.

We want to raise the standard of the working environment so our people can feel the excitement and for their incentive schemes to reward them for delivering a thrilling experience to our customers.

We will continue to refresh the training and educational courses across the Group, to include not just technical skills, but to help our people better themselves.

To reflect the change I have been talking about, we are providing a new designer uniform for our staff - so they can look and feel their best. And to show SKYCITY's commitment to its origins as a New Zealand company, we are proud to advise that, even though the cost was higher, this new uniform will be 100% made in New Zealand. This is just another example of how SKYCITY understands its place within its local communities.

Closing

We have a strong three year plan in place, and are moving ahead with our strategy, regardless of the takeover discussions, as these may or may not develop further.

The elements of our plan have been firstly to prepare the business for change and from that reach for growth and the best possible return for shareholders, by refreshing our brand, our product and our quality of service.

And we have the people to do that.

E Toime
Executive Director
26 October 2007

Copies of these addresses are also available on the SKYCITY website at www.skycitygroup.co.nz.

Results of voting on the resolutions at today's annual meeting will be advised later today.

Yours faithfully



Alistair Ryan
General Manager Corporate