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8 November 2018

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

Copy to:

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

Dear Sir/Madam

RE: SKYCITY ENTERTAINMENT GROUP LIMITED (SKC)
SALE OF SKYCITY DARWIN BUSINESS

Please find **attached** an announcement concerning the sale of the company's SKYCITY Darwin business in Australia.

Yours faithfully

Jo Wong
Company Secretary

MARKET/MEDIA RELEASE
8 November 2018

SKYCITY announces sale of Darwin business

SKYCITY Entertainment Group Limited today announced it has agreed to sell its Darwin business to Delaware North for a price slightly in excess of its book value.

Following the successful conclusion of a competitive tender process, the key terms of the sale are as follows:

- Sale price of A$188 million for 100 per cent of the shares in SKYCITY Darwin Pty Limited (SKYCITY Darwin) on a cash-free and debt-free basis; and
- Little Mindil property (book value A$11 million), located adjacent to SKYCITY Darwin, to be retained by SKYCITY and sold separately.

Commenting on the transaction, SKYCITY Chief Executive Officer Graeme Stephens says he's pleased with the outcome of the process, especially achieving a price that exceeds SKYCITY Darwin's carrying value by around A$8 million, after excluding the waterfront land at Little Mindil.*

SKYCITY has also retained the ongoing right to access the VIP/premium gaming facilities at the Darwin casino for its International Business customers for at least two years after completion of the sale process.**

SKYCITY and Delaware North plan to enter into a joint venture to establish an online casino business from the Northern Territory, should there be a future change in legislation in Australia permitting online gaming activities within the next decade.

"We see both International Business and the online space as future growth areas for us, so we see value in this outcome,'' Mr Stephens says.

"The sale is consistent with our "capital lighter" strategy to sell non-core assets and to allocate capital to assets and businesses which we feel are aligned with our long-term strategic objectives. As always, our top priority is to deliver attractive and sustainable returns for shareholders.

"It also allows us to concentrate our Australian activities in Adelaide, which is undergoing a A$330m expansion, due for completion in late 2020.''

Mr Stephens says he's pleased Delaware North was the successful bidder, since the US-based company is highly regarded as an experienced, quality operator.

“Delaware North is the ideal buyer of Darwin and is well placed to take the property to the next level. It’s great to be able to pass the baton on an asset SKYCITY has grown and nurtured for 14 years to a company of Delaware North’s standing.’’

SKYCITY purchased the Darwin-based casino in 2004 from MGM Grand, adding a new hotel and pool, new bars and restaurants and VIP facilities over the years. The value of the business was impaired by A$95m in FY17 due to changes in gaming regulations but the property experienced positive earnings growth in FY18 on a like-for-like basis.

SKYCITY will continue to own and manage the Darwin casino on a business-as-usual approach while Delaware North obtains the required approvals from the Northern Territory Government.

The agreement with Delaware North is also conditional upon:

- Delaware North obtaining financing approval (which is well progressed) for the acquisition within 60 days;
- No material adverse change in SKYCITY Darwin’s business occurring prior to completion; and
- The Little Mindil property being transferred from SKYCITY Darwin prior to completion.

Pending settlement of the transaction, SKYCITY Darwin will be treated as an “asset held for sale” and will continue to be included in the Group’s consolidated financial statements.

SKYCITY has not yet determined what it will do with the sale proceeds following completion, but there are a number of strategic initiatives being pursued that the company expects would generate returns above its cost of capital.

Following the recent refresh of its group strategy, SKYCITY is reviewing its future capital structure requirements and remains committed to efficient capital allocation across its businesses going forward.

ENDS

For more information please contact:

INVESTORS/ANALYSTS	**MEDIA**
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Notes:

**The transaction is expected to result in a debit balance of approximately NZ$20 million relating to SKYCITY Darwin being transferred from SKYCITY's Foreign Currency Translation Reserve (FCTR) to the income statement at completion. Net position offsetting book profit against transaction costs and FCTR is ($16m).*

***Access to VIP suites is subject to availability and SKYCITY will reimburse Delaware North for all associated costs.*

About Delaware North:

Delaware North is one of the largest privately held hospitality companies in the world. Founded in 1915, Delaware North has global operations at high-profile sports and entertainment venues, national and state parks, destination resorts and restaurants and airports. With approximately US$3.1B / AU$4.2B in annual revenue, the company's 55,000 employee associates are dedicated to creating special experiences one guest at a time in serving more than a half-billion guests annually. Learn more about Delaware North at www.DelawareNorth.com.