



Six Monthly Review to Shareholders to 30 September 2016

The strong trading reported on at the AGM has continued. Skyline is pleased to report results for the six monthly review are ahead of historic year to date figures for the same period for all businesses.

As Christmas approaches, we wish to provide an update on all recent changes. The impact of the recent earthquake in New Zealand, while distressing and devastating for the people directly affected by the quakes, has not had an overly negative impact on Skyline's trading. Skyline has also taken other potentially disruptive events like Brexit and the US election in our stride confirming the geographical spread of our investments makes the company more robust. These events are a strong reminder unexpected external events can impact results at any time.

With the recent resignation of CEO Jeff Staniland, the board is undertaking an executive search with appointment and induction planned for the first half of 2017. During this period the CEO responsibilities have transferred to the writer as Chairman with support from Directors and Senior Management to cover all aspects of our businesses.

Skyline continues to operate a semi-decentralised model with each business unit supported by governing Boards and Committees and Group Head Office functions. This allows our General Managers and their teams to focus on driving our businesses with good support behind them.

Sarah Ottrey has joined the Skyline Enterprises Board as an Independent Director and is already active on a number of our board committees. Bruce Robertson has been acting consultant to the Skyline Enterprises board in recent times, providing valuable input. Skyline has a number of subsidiary boards.

The International Luge Boards govern the management of our operations in the respective countries and links these operations back to Skyline. Recently Lee Chin Chuan joined the Sentosa Luge Company Board. Lee is a past executive of Sentosa Development Corporation and has vast knowledge of Sentosa Island and Singaporean business.

With the pending opening of Skyline Luge Tongyeong and imminent sign up of a second Korean Luge operation, our Korean Luge Board has been established. Two Skyline Enterprises Directors sit on each of these boards.

Operationally all businesses continue to trade positively as recently reported.

Skyline Queenstown continues to be our standout business in terms of financial performance. This performance reaffirms our decision to redevelop Skyline Queenstown. Although this \$100m+ investment will impact on Skyline Queenstown ROI parameters short term it will pay dividends for

years to come. Shareholders should note this is a major undertaking and will be challenging and disruptive to the business during the build.

The Canadian luge operations have packed up after a successful season. It was pleasing to see Skyline Luge Calgary gaining traction with increased ride numbers.

This month will see the completion of the Marine Parade build of the new Eichardt's building. The combination of the outstanding building, tenants and location has created a new luxury enclave in Queenstown.

Track extensions at Skyline Luge Sentosa have progressed to be followed by the installation of the second chairlift.

The construction and ownership of a 200 room 4 ½ star hotel and carpark building by a third party on 5,000 sq mtrs of land owned by the Christchurch Casino and adjacent to the Casino has been made public. The Peterborough, as it will be known, will be managed and operated by a highly respected global brand. This development will provide convenient parking for casino visitors.

At Totally Tourism the fleet replacement programme continues to improve operational efficiency and customer comfort with more modern aircraft introduced.

Skyline System upgrades continue thanks to the committed input from our project teams and business units.

High season increased business and the new projects highlighted to shareholders at the AGM has put pressure on management and teams and they are to be commended.

On behalf of the Directors we extend to shareholders our best wishes for the Festive Season.

Mark Quickfall
Chairman

www.skyline.co.nz