

19th December 2012

Dear Shareholder

We are pleased to announce that Skyline has acquired the SkyCity Entertainment Group shares in Christchurch Casinos Limited.

The effect is that the casino now becomes a wholly owned subsidiary of Skyline.

The purchase consideration is \$80 million and is to be funded through the Company's facility with its bank.

Whilst the prevailing difficulties in Christchurch have been outlined previously to shareholders your Directors consider that there is an upside consistent with the rebuild of the inner city in particular, and have full confidence that in time the region will regain its former status.

The purchase is consistent with the Company's philosophy of investing in strategic assets in key locations.

At the same time Skyline has agreed to sell for \$5 million, its 40% shareholding in Queenstown Casinos Limited to SkyCity.

Skyline considers that sole ownership will provide greater long term benefits for the Queenstown community than would have been possible under joint ownership.

The outright purchase of Christchurch Casino is a significant acquisition for Skyline who has held an equity interest right from its inception in 1994. Skyline is very fortunate to have had continuous Board representation from that date and it is important to record that no management changes are contemplated as a result of this outright purchase.

Finally, on behalf of the Directors may I wish all shareholders the compliments of the season as we look forward to new and exciting times in 2013.

Ken Matthews
Chairman